

RS-NEA-88-038
JUNE 1988, 1ST



FOREIGN
BROADCAST
INFORMATION
SERVICE

JPRS Report—

Near East & South Asia

Near East & South Asia

JPRS-NEA-88-038

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**Saudi-Jordanian Agreement Permits Israeli
Muslims To Make Hajj**
44000085 Tel Aviv DAVAR in Hebrew 4 Apr 88 p 1

[Text] Jordan and Saudi Arabia reached an arrangement which allows Muslims from Israel to go to Mecca any day of the year, in order to fulfill the al-'Umrah obligation (the pilgrimage to the holy Ka'bah stone). The Jordanian Minister of Religion, Dr 'Abd al-'Aziz al-Khayyat, discussed this with a DAVAR reporter who was with the group in Nazareth upon the pilgrims' return from Mecca.

There were 20 Israeli Muslims in our group, headed by the Islamic Shari'ah judge of Jerusalem, Shaykh Zaki Madlaj. After we returned from Saudi Arabia, we spent 5 days in Jordan for 5 days and held several working meetings with senior personalities in Jordan, among them: Minister of Religion al-Khayyat, former Jordanian Prime Minister Bahjat al-Tahuni, and former Minister of Religion Kamil al-Sharif, who serves today as General Secretary of the Islamic World Union which is headquartered in Saudi Arabia. We also held several working meetings in Saudi Arabia with members of the Saudi government on the affairs of Muslims in Israel.

The Jordanian minister of religion officially informed the heads of the delegation that Saudi Arabia agrees that the Israeli Muslims may fulfill the obligation of the Hajj any time of the year, for a period of two weeks, not one week as was allowed the first group.

The Jordanian minister requested that the head of the delegation see that the pilgrims be organized in groups of at least 200, and that the trip to Saudi Arabia be by air from Jordan, and not by bus. On their part, Jordan and Saudi Arabia agreed to accommodate the pilgrims from Israel in top rate hotels.

The Jordanian minister acceded to the head of the delegation's request that Muslim guides from Israel be responsible for the pilgrimage to Mecca and they be the official coordinators between the Israelis and the Jordanian delegation in Mecca for the Hajj, which is scheduled to occur in two months. In answer to a question raised by a reporter for DAVAR, Minister al-Khayyat said that this year Jordan will allow only 2500 Muslims from Israel to make the Hajj. Preference will be given to those making their first pilgrimage to Mecca.

It should be noted that Saudi Arabia officially announced that from now on it will reduce, to the extent possible, the number of Muslims throughout the world making the pilgrimage to Mecca, due to the bloody events that happened last year, by Iranian initiative. The Saudi minister of information told a DAVAR reporter that the Saudi security forces will respond with force using live ammunition to anyone who tries to demonstrate in Mecca during the period of the Hajj, and especially against the Iranians.

REGIONAL

Egypt Sends Final Tucano Shipment to Iraq

45040119A Cairo *AL-AKHBAR* in Arabic 14 Apr 88 p 9

[Excerpts] At a ceremony held yesterday, the Arab Organization for Industrialization delivered the final shipment of Tucano aircraft to the Iraqi Air Force, and also signed the receipt documents for the first shipment of these aircraft to the Egyptian Air Force. This type of aircraft is considered the basic military training plane. It was designed to run by a turbo-propeller engine, and is used to teach pilots how to fly jet fighter planes. With this ceremony, the total number of aircraft received by the Iraqi Air Force amounts to 80—compared to 40 aircraft for the Egyptian Air Force, which will be delivered by the end of this year. The final complement of aircraft took off from Egypt yesterday morning, on its way to Iraq.

Eng Yusuf Mustafa, director general and member of the board of directors of the Arab Organization for Industrialization, made a speech during the ceremony, emphasizing that the Arab Organization for Industrialization is an organization for all Arabs and that it was established as a long-term strategy to develop Arab resources in the field of advanced industrialization. He also confirmed that the organization has begun producing Tucano training aircraft, and has also produced and is still producing the Alphajet. It is also producing important parts for the Mirage 2000 aircraft, as well as building and producing parts for helicopters. The organization, in cooperation with the Egyptian and other Arab air forces, takes part in necessary servicing and overhauling of the aircraft. In the field of missiles, it proved that it is self-sufficient in producing anti-tank rockets, anti-aircraft missiles, and a number of other guided and unguided missiles. In the field of electronics, the organization produced and assembled radio equipment and electric cables used in the aircraft.

Maj Gen Eng Ra'fat Mahmud Ibrahim, member of the general staff, emphasized in his speech on behalf of the Egyptian Air Force that today's ceremony is in celebration of the efforts expended in producing 80 Tucano Egyptian aircraft made in the Qadir factory supervised and received by the brave Iraqi Air Force. He said that this aircraft represents the solid cooperation between the Arab Organization for Industrialization and the ministry of defense with the Brazilian government, represented by the Embraer company. Seventy-two percent of the production of the aircraft was done in Egypt. He also said that there were 40 Tucano aircraft for the Egyptian Air Force which will be delivered by the end of this year.

The receipt documents were signed for the final shipment of Tucano aircraft to the Iraqi Air Force and the first installment to the Egyptian Air Force, by the Arab Organization for Industrialization, represented by Eng Abu-Bakr 'Abbas, for the Egyptian ministry of defense, represented by Col Eng Mr Zayn al-'Abidin.

9455

Arab Investors Meet in Cairo, Establish 6 Companies

45040119B Paris *AL-MUSTAQBAL* in Arabic
9 Apr 88 p 33

[Text] The Arab Investment Convention for Investment in Egypt, which was recently held in Cairo, resulted in the establishment of 6 new Arab investment companies with a total capital investment of \$380 million. This includes 5 holding companies with a capital of \$370 million. The first company is in the field of agricultural production and industrialization, with a capital investment of \$150 million. The second invests in property and tourism, with a capital investment of \$100 million. The third is a chemical industries company, with a capital investment of \$50 million. The fourth is a company of engineering industries, with a capital investment of \$50 million. The last holding company produces ready-to-wear clothes, with a capital investment of \$30 million. As for the sixth company, it is a Saudi investment company, within the system of free trade zones, for packaging and wrapping all Egyptian products in all regions of the world, with a capital investment of \$11 million. This company will be established in the free trade zone of Madinat Nasr.

Furthermore, some Arab investors presented other proposals to establish small- and medium-sized investment projects, which are under study by the Egyptian agencies. Dr Muhyi-al-Din al-Ghurayib, vice president of the investment organization, described these endeavors as being mainly oriented toward industrial and housing projects, contrary to the past, when they were primarily directed toward property investments.

9455

Official Discusses Accomplishments, Plans of Arab Monetary Fund

44040210 London *Al-HAWADITH* in Arabic
22 April 88 p 48

[Interview with Dr 'Abdallah al-Quwayz, chairman and director general of the Arab Monetary Fund, by AL-HAWADITH correspondent: "Our Great Plan is to Develop Arab Commercial Trade;" date and place not given]

[Text] The appointment of Dr 'Abdallah al-Quwayz as chairman and director general of the Arab Monetary Fund [AMF] came following a campaign of criticism directed at the fund's former administration after the uncovering of the scandal of misappropriation of funds and other violations that have led to freezing the fund's activities for a long time. Dr 'Abdallah al-Quwayz, in addition to being chairman of the largest fund in the

third world is also the GCC secretary general for economic affairs. He effectively contributed to drawing up the unified GCC economic agreement and to the subsequent coordination of the Gulf economic laws, regulations, and institutions.

AL-HAWADITH went to Dr' Abdallah al-Quwayz in order to find out about the AMF's current projects and future plans. The following interview ensued:

AL-HAWADITH: The AMF has now been active for a decade. How do you evaluate its accomplishments in the past decade?

'Abdallah al-Quwayz: Ten years after the establishment of AMF, and as the AMF embarks on a new era there is need to pause and to examine its accomplishments and the difficulties that it has faced. We should also look at the Arab homeland's economic reality and reread the agreement establishing the AMF in order to rechart its future course in the light of past experience, the present reality, and the prospects of possible and desired future action on the long path to the achievement of the principal economic objectives on which the agreement was based.

The AMF agreement has defined several objectives, including rectifying deficits in the balance of payment of member states, seeking to stabilize the exchange rate of Arab currencies, lifting restrictions on current payments, strengthening Arab monetary cooperation, developing financial markets, and settling current payments with a view to strengthening trade between member states. The means available to the AMF have also defined its objectives, including establishment and development of free trade and the payments resulting therefrom, management of any funds trusted to it by member states, and provision of technical aid to monetary and financial bodies in the member states.

In the past period the AMF made efforts in the fields of visible trade, financial markets, and technical aid, but the AMF's principal activity focused on giving soft loans in order to remedy the deficits in the balance of payments of member states. With the change in the economic situation of the member states following the drop in oil revenues, the increasing need for financing in the countries whose balances of payment suffered from deficits, and the growing burden of servicing their foreign debts, it has become evident that meeting the member states' financial needs from the AMF's present resources is no longer possible. Moreover, the economic climate does not allow increasing the fund's capital.

Therefore, the AMF has become obliged to adapt to this situation and to rearrange its priorities. While the AMF is studying the necessary changes to be made in its lending activities in a manner that would be in harmony with economic developments in the member states, it is also obliged to devote more of its efforts and resources to serving its other objectives, namely, developing and

encouraging Arab visible trade, Arab financial markets, providing technical aid and services and developing monetary and economic cooperation between member states. We will briefly review the AMF's endeavors to reorder its priorities and devote efforts which will hopefully enable it to play a strong, effective, and multifaceted role that would ensure a more comprehensive service of the objectives for which it has been established:

—In the field of lending, it has become evident that loans that aim at achieving the objective of balancing the deficit should be made more effective and should serve the AMF's other integrated objectives. It was necessary to carry out a complete review of the AMF's lending policy in order to achieve this objective. The technical department will submit specific proposals in order to develop it.

—In the field of Arab visible trade the AMF, by nature of its composition and establishment, has since its inception devoted great attention to developing it. It has prepared several studies on this type of trade with a view to finding out its volume and development as well as ways and means available to make it active. In participation with the Arab Organization for Investment Guarantees the AMF has prepared a number of field studies on this subject in the member states. The AMF publishes three periodicals containing data on this trade, the first of which covers the Arab countries, the second the Arab Common Market, and the third the GCC states.

—The AMF has encouraged trade between the Arab countries with a view to preventing the adoption of restrictive trade policies that would restrict trade between member states.

—The AMF, with the aim of strengthening and developing trade between the Arab countries, has set up a project for financing Arab visible exports in the context of AMF governors' resolution number 4 of 1984 and within the guidelines of central bank governors and Arab monetary establishments. The AMF has been trying to ensure that the project is flexible and can be implemented in all the Arab states and to increase participation in it so that central and commercial banks as well as Arab and other financial institutions can participate in it and benefit from it.

—In order to be able to play a significant role in trade, the AMF is seeking to broaden its trade data base, to play a major role in commodities negotiations between the Arab countries, and to be the party on which the Arab countries would depend in their relations with UNC-TAD and GATT.

AL-HAWADITH: What about the AMF's role in monetary coordination among the Gulf states?

'Abdallah al-Quwayz: In the field of Arab financial markets and coordination of exchange rates of Arab currencies, the AMF made great efforts. It held several seminars and studies and carried out field studies in a number of Gulf states. But the Arab economic situation, the stages of its development, and the fact that it is interlinked now calls for greater concentration on financial activity, giving priority to financial markets, and coordination of exchange rates since strengthening the integration aspects of the economy of visible trade would facilitate the future achievement of the objective of coordinating the exchange rate which the small volume of Arab trade does not warrant at present. The AMF has drawn up its action plan for a period of 12 months. Its future objectives aim at establishing a financial markets information center, preparing a model legal framework for financial markets, and providing technical aid in this field.

AL-HAWADITH: It is well known that the AMF paid special attention to training qualified Gulf personnel. What has been achieved in this regard?

'Abdallah al-Quwayz: The AMF began taking interest in training since 1981. It held several training courses and offered numerous scholarships to citizens of member states in fields relevant to its activities. Through this it has gained an experience that has enabled it to carry on with this activity and to work toward the establishment of an academy for training and research in monetary and financial policies. We are now in the process of conducting studies on the establishment of this academy which it is hoped will begin its work early next year.

Moreover, the AMF believes that its entry into the banking field would allow it to improve its services for the central banks in member states. In the near future the AMF will try to benefit from its good financial position, its paid capital, and the experience it has gained so that in the future it will be able to play the role of the bank of central banks by accepting deposits from these banks, working for them in the world financial markets, concluding various financial and monetary deals, and helping them to carry out and promote various financial transactions similar to what the World Settlements Bank is doing. Obviously, like any other activity, this requires cooperation by the central banks regarding the AMF proposals. The cooperation will be easy because the AMF maintains high standards in financial management and accounting as well as experience in the field of assets management and preserving their values in the face of broad fluctuations of currency rates.

13305

PALESTINIAN AFFAIRS

'Arafat Discusses PLO Documents in Abu Jihad's Residence
44000089 Beirut *AL-MUSTAQBAL* in Arabic
23 Apr 88 pp 21-23

[Article by Sulayman Nimr: "The Struggle Will Continue After Abu-Jihad"]

[Excerpts] The plan of the killers of Abu Jihad was directed, in addition to killing him, toward obtaining a large number of documents and papers which were in the possession of the martyr and which would reveal a great deal of information about clandestine organizations that were leading and moving the Palestinian resistance and popular uprising within the occupied territories. It was specifically directed toward information about the Palestinian national command of the uprising inside Israel which is a secret command that was undoubtedly in continual contact by various means with the departed Palestinian revolutionary, Abu Jihad. Accordingly, after the killers were able to slay Abu Jihad in a brutal manner evincing their strong hatred, they entered his bedroom where his office was located and did not find any documents or papers of use. When Palestinian leader Abu 'Ammar was informed of the news the time was 4 am Bahrain time (2 am Tunis time). Abu 'Ammar had gone to sleep 15 minutes earlier. He demanded that his call be transferred to someone known as 'Mr X,' one of Abu Jihad's assistants. Abu 'Ammar asked 'Mr X,' after gaining control of himself: 'Set my mind at ease, where is the briefcase with the papers?' The man on the other end responded: 'Don't worry, the briefcase is with me with all the papers. No one will get them until you return personally.' After putting down the receiver Abu 'Ammar repeated, 'Praise be to God.' The story of the criminal murder of Abu Jihad became known and was related to us by his daughter Hanan al-Wazir in a telephone conversation conducted with her in the same residence in Tunis in which the operation was carried out.

[Question] Did you see the criminals take any documents or papers with them?

[Answer] Absolutely not. They did not take any papers or documents with them because 'papa' was diligent in not putting important papers in an open place.

[Question] The Palestinian uprising which broke out last December 8 has continued daily and Abu Jihad was considered its 'brain' and 'engineer.' During the last conversation which AL-MUSTAQBAL conducted with the departed Palestinian leader 5 days before his martyrdom, we questioned him about disparaging activities that are occurring in some of the Arab countries directed toward PLO support for the uprising inside Israel and the means of conveying this support. The fallen martyr said: 'I have all the financial statements of support that we gave to each Palestinian group, organization, or even individual within Israel. Most of those to whom we gave aid are adherents of the Islamic trend in whose name these skeptics speak. We do not want to reveal anything from the documents which prove this, so we will not give the enemy the opportunity to uncover these. And you know how much we have put up with so that we could win them into the ranks of national action beside their brothers in the organizations and other political directions, but I implore you not to publish this now. After the martyrdom of the Palestinian leader Kamal 'Adwan in

the Firdan operation in Beirut in which two others were sacrificed from among the leaders of the Palestinian resistance in 1973 (Abu Yusuf al-Najjar and Kamal Nasir). The Israeli commandos succeeded in taking many papers, records, and documents specializing in Fatah's organization within the occupied territories (where Kamal 'Adwan was responsible for the western sector; i.e., the organization of the occupied territories). Many expect an end to the Fatah organization within Israel. However, Israel was able to direct a heavy blow against this organization through information which it obtained from Kamal 'Adwan's papers. The seed of this organization, though, remained and Abu Jihad, who had taken control of western sector responsibilities after the death of Kamal 'Adwan, replanted the seed to cultivate a strong, victorious, unionist, Palestinian organization inside Israel and build a number of popular unionist Palestinian organizations in whose framework the sons of the Palestinian people would move within Israel and struggle politically. Accordingly, there was a great deal of information about this organization in Commander Abu Jihad's papers. After receiving the news of his comrade's martyrdom, there is no doubt that the first thing Abu 'Ammar was eager to hear to set his mind at ease was the security of the papers. The story of Kamal 'Adwan's papers jumped to his mind, but Abu Jihad was diligent in guarding the sons of his organization (Fatah) and those besides in other organizations.

EGYPT

Washington Seen As Approving Israeli Terrorism
NC1551015 Cairo *MENA* in Arabic
0745 GMT 15 May 88

[Text] The newspaper AL-AKHBAR comments today on a statement made by U.S. Deputy Secretary of State John Whitehead during his visit to Tunisia in which he admitted that Israel is responsible for the criminal assassination of Khalil al-Wazir, alias Abu Jihad, deputy commander in chief of the Palestinian revolution forces.

The paper reports that Whitehead based his statement on written admissions by Israeli officials, adding that this is the first time a senior U.S. official has confirmed the responsibility of the Tel Aviv Government for an incident that bears the fingerprints of a criminal gang.

The paper expresses astonishment that even after Whitehead had asserted that the Tel Aviv leaders planned and ordered the execution of this criminal act, Washington insisted that no international condemnation should be issued against this state which continues to be administered through gangster methods.

The paper emphasizes that the U.S. objection to a condemnation of Israel means that U.S. officials approve of this type of despicable terrorism that resorts to murdering opponents. At the same time, they level

accusations at the PLO, whose deputy leader was the victim of an Israeli terrorist conspiracy that has been and remains an object of resentment and denunciation by the entire world.

IRAQ

Planning Minister Discusses Economic Development During War
44040218 London *AL-TADAMUN* in Arabic
30 Apr-6 May 88 pp 29-32

[Interview with Dr Samal Majid Faraj, minister of planning, by unnamed interviewer: "We Are Building Dams and Factories in Wartime and Trying To Achieve Food Security for the People"; Baghdad, date not given]

[Text] Dr Samal Majid Faraj, the Iraqi minister of planning, is considered to be one of those officials who accomplish more than they say. An indefatigable and systematic man, he has a practical and integrated vision of the problems of the development stage in countries of the Third World. What has been accomplished in the Ministry of Planning since his assumption of this office has been important—very important. Since assuming his post, he has been able to introduce new methods into the planning process. He has been able to reorganize the ministry so as to achieve speed, performance, and accuracy. Between 1982 and the present, Dr Samal Majid Faraj has supervised 500 applied studies in the field of planning and development. He has presented President Saddam Husayn with dozens of initiatives and proposals on financial and economic problems and on furthering the course of development in Iraq.

Economic observers in Baghdad confirm that statistical work in Iraq has witnessed a highly important development during the presence of Dr Samal Majid Faraj in the ministry. The most conspicuous example of this was the recent census, which was completed in very short time and yielded accurate results. AL-TADAMUN visited Dr Samal Majid Faraj in his office in Baghdad. This is the interview that took place:

[Question] Is it easy for an academician to assume the post of planning minister in a country that has been involved for 8 years in a fierce war? How do you see your mission during this difficult period?

[Answer] The mission of the planning minister during wartime is extremely difficult. He is required to present a delicate balance: How can one provide resources and a sound foundation for repelling aggression? Achieving this requires investments of another kind and raises an extremely complicated question: How can one continue development during the period of the war?

We believe that one of the purposes of this horrible war against Iraq was economic. They noticed that we had gone a long way in progress and development and felt it necessary to stop us; hence the war. This war, besides

being one of aggression and expansion, is primarily economic. It is a war in which Iran is collaborating with all the other hostile parties. The job (or jobs) of the minister of planning is crucial. Among the things the job involves is the question of how to strike the balance between domestic and investment needs, on the one hand, and tying this with the foreign budget and the requirements of the war, on the other hand. We have tried to preserve development in the country, in spite of the war situation. The majority of companies that were operating in Iraq before the outbreak of war with Iran are therefore still continuing to operate. Furthermore, the majority of investment plans made before the war have now been implemented. If we look at Iraq's budget before and after the war, we see that the budget allocated for the development plan has not decreased.

[Question] How can you reconcile the requirements of defense and the requirements of development?

[Answer] In its economic course, Iraq starts from a large economic base and resources. We have a very important oil reserve. We have monetary and mineral wealth (for example, sulfur and phosphates) in different areas of Iraq. Some of this wealth has been exploited; some is not being utilized. Since 1968, we have been able to form a large material base and have established projects in manufacturing and agriculture. Shortly before the beginning of the war, a sophisticated Iraqi pool of expertise was formed in many areas. With the beginning of the war, a political decision was made that we had to continue the projects we had planned. So we began to implement them. We turned for help to certain companies that, taking into consideration Iraq's tremendous potentials, offered us limited-interest financial agreements. This helped us implement many projects. I would mention, for example, the Bakhna Dam project, which is being built on one of the tributaries of the Tigris in the north. The costs of the project amount to about \$1.5 billion. Besides its irrigation potential, it will form a lake to store water, with a potential capacity of about 18 billion cubic meters. The purposes of the project are water storage and electrical power generation for strategic industries. Yugoslav, Turkish, and American companies participated in implementing this great dam. Its financing, as I mentioned, was done by a group of companies, with delayed repayment of the loans they provided. We have completed another dam in the same manner: Saddam Dam. This dam is one of the projects whose implementation was begun after the war began.

[Question] Should I understand from what you are saying that there is concentration on the agricultural sector? What is your economic policy to create a balance between the sources of national income: agriculture, oil, manufacturing, etc? How, that is, will you avoid having Iraq turn into just an oil country?

[Answer] Immediately after the 1968 revolution, we noticed the existence of an imbalance in the relationship between the different economic sectors—agriculture and

manufacturing. The other imbalance was that Iraq depended primarily on one resource, oil. The third imbalance was in the distribution of development projects in the country. Projects were not being distributed among the regions of Iraq in a balanced way; there would be several projects in one governorate, while another governorate would be empty.

Our aim was to emerge from these bottlenecks. We began. We tried to create other supports for our economy, besides oil. That was the origin of our interest in manufacturing and agriculture, and in the transportation infrastructure that facilitates the moving of goods.

In practice, we established industrial projects that relied on the agricultural sector. However, since the agricultural sector was unable to provide the primary materials for the industries we established, we tried in later plans to study and apply integration between these sectors. In an attempt to create this kind of integration, we concentrated on a group of projects. In agriculture, we undertook extensive land reclamation operations in order to prevent the build-up of salt deposits prevalent in central and southern Iraq.

In a related area, we developed the growing of grain in the north. In this field of agriculture, we still depend on rain water, the amount of which varies from region to region. In order to avoid being surprised by seasons of scarce rainfall, we have built a number of dams. To date, four have been completed in the north, two in the central region, and al-Qadisiyah Dam on the Syrian border. Some other small dams are also under construction. Our purpose in constructing them is to provide water for land that depends on rain. At the same time, industrial projects are expanding in various directions.

[Question] What basic industries have been established and developed since the revolution? Do you have a definite industrial policy? What are the goals of this policy?

[Answer] We have petrochemical industries, iron and steel, textiles, and food-processing industries. The most important area of concentration is the manufacturing of means of production. There is also the military industry that was present before the war, but which has greatly developed during it. Military industries existed previously under the name of the Technical Industries Organization. We have now given it its correct name. We organized an exhibition in which we displayed the various kinds of weaponry that Iraq produces. Military industry has saved us a great deal.

[Question] What kinds of weapons does Iraq produce?

[Answer] We produce many kinds of equipment domestically: ammunition, guns, tank repair, and certain helicopter parts.

[Question] In partnership with Egypt?

[Answer] We cooperate with them.

[Question] Has a local pool of talent been formed in military industry?

[Answer] We can be proud of the local talent. Iraqi engineers and technicians have made many developments. We are self-sufficient in many weapons. These weapons have been manufactured with Iraqi expertise and with Iraq's high productivity. The reason for success in this field has been the high degree of patriotism the Iraqi people feel.

[Question] After years of your economic experience, and after years of attempting to create a balance between agriculture, industry, and oil, have you really created this balance, or does oil still predominate in its role as the basic source of income?

[Answer] Realistically, oil still occupies first place relative to the other sectors. However, we are still trying to make our economy rest on a number of pillars, rather than on one. We cannot underestimate the importance of oil in the Iraqi economy, and it will continue to play a fundamental role for a considerable time; but we are working to develop agriculture and industry besides oil.

[Question] Does the Ministry of Planning have an opinion about education and programs for it? Is the ministry's opinion followed in the preparation and number of personnel cadres and in the positions they fill?

[Answer] We here in the ministry attribute utmost importance to cadre preparation, since all the installations and equipment will do nothing without the cadre. In the area of education, we in Iraq have an education plan that the Planning Ministry helps formulate, setting the kind of graduates, the size of the work force needed by organizations and factories, and the kind of talent needed by these organizations. In the plan, we make suggestions regarding the number of engineering college graduates, the number of technical workers needed, the number of agricultural engineering graduates, the number of graduates from higher technical institutes, etc. After surveying all the human resources, we finished regional planning a short while ago for each governorate until the year 2000.

[Question] Which of the ambitious plans included in the first 5-year plan have been implemented? What has been the effect of the war on that plan?

[Answer] The war is a negative circumstance that inevitably drains some development resources. Before the war, everything was directed toward development. Before the Iranian aggression, development was our first concern. The war decreased the proportion of funds allocated to economic projects. It made us review project priorities. We decided according to the necessary requirements which ones needed to be continued, which ones had to be suspended, and which ones had to be

implemented over a longer period. The result was that strategic industry continued—by strategic industry I mean everything related to the petroleum, electricity, and weapons industries. In the field of agriculture, dams have continued to be constructed, so that we will not confront the water shortage problem that threatens the region. We are building several billion [dollars' worth] of dams during wartime, but we are well aware of what we are doing. Our goal is to achieve food security for our people.

[Question] In practice, when will Iraq be able to achieve food security?

[Answer] We have to know what we mean by food security. Food security does not mean making do only with the crops we produce, without importing anything from abroad. That is impossible. Instead, our concern now is how we can be self-sufficient in basic crops such as wheat, rice, certain vegetable oils, and meat. We are in the process of promoting agricultural development in order to arrive at the stage of food security.

[Question] When one visits the city of Baghdad, one is struck by the way the city has developed with tremendous speed, but also in an orderly manner, with the historical legacy preserved along with modernity. Are there plans to modernize other cities in Iraq according to the Baghdad model?

[Answer] There are new plans and blueprints ready for every principal city in Iraq. The land has been divided, maps have been drawn, and a budget has been allocated for each city. However, we have been forced to suspend many projects. It is not possible for us to spend a large budget on buildings and streets at a time when circumstances force us to develop in other, more necessary areas. For Baghdad, however, we have further plans for the period after the 20th century.

[Question] The first question that comes to mind when one sees the city of Baghdad is how it is possible to insure services for a city so spread out.

[Answer] That is correct. Baghdad covers an area of 900 square kilometers—a tremendous area. However, the wide expanse of the city derives from the pattern of life and customary ways of living. We here in Iraq are accustomed to a horizontal residential style, unlike other countries that tend to build high-rise buildings. We are trying to build large residential buildings, but the debate continues: Should we reverse the pattern of horizontal expansion into one of vertical expansion. What are the gains, and what are the losses? What are the dangers from the security point of view, while we are in a state of war? All these questions are being discussed and have not yet been decided. Certainly, it is not easy to insure services for Baghdad. We bear a heavy responsibility in this area.

[Question] The recent census took place with a speed that drew the attention of observers. How were you able to provide a census within 24 hours? How did the census take place? What standards did you keep in mind?

[Answer] This was a planning tactic. We prepared 3 million forms. The preparatory operation took about 2 years. The number of workers on the project was about 200,000. They were trained and prepared in special centers. In computing the results, we followed a pyramidal method. We began, that is, with small cells at the base, cells that became greater and gave the overall results. A committee was appointed for each district to coordinate information and arrange it in the overall summary. At the final stage, the overall summary was transferred to other forms. And so on, until the governorate level was reached. We used computers for calculations and had good control of the operation.

[Question] What results did you obtain?

[Answer] In 1977, the population was about 12 million, with a growth rate of 3 percent. We observed that the growth rate has not decreased. On the contrary, it has increased and moved ahead. The recent census showed this. It proved that the present population of Iraq is 16.278 million.

[Question] Perhaps that can be attributed to the campaign you are promoting to increase the birth rate. From the slogans and incentives being proclaimed, and from meetings with officials, I noticed that there is a call for an increased birth rate. Do you, as minister of planning, believe the resources of Iraq can absorb such an increase?

[Answer] Iraq's resources are very great. We have a vast land. The area of Iraq is 452,000 square kilometers, and the population of Iraq is, as I mentioned, 16.278 million. This means that at present the population density is 34 people per square [kilo]meter, a very low ratio. From the economic point of view, we are now building projects and continue to build them, besides other projects in which we need non-Iraqi labor. What I am saying confirms Iraq's ability to absorb a larger population. As for services such as education and health, we are continuing with all the projects we began before the war. Indeed, when it comes to a health project, we in the ministry try to push it forward quickly and without delay. What I said before applies to education projects.

[Question] In the Iraqi budget, which sector occupies second importance after the military sector?

[Answer] Industry and agriculture.

[Question] What is the proportion of funds allocated to these two sectors relative to other sectors in the Iraqi budget?

[Answer] After the military sector, 50 percent [of the remainder] is allocated to agriculture and industry, and 50 percent to the remaining sectors. The other sectors include agriculture and industry, services, water, education, and scientific research.

[Question] You earned a doctorate in planning in Yugoslavia. You chose Yugoslavia specifically, even though you had ample opportunity to go to Western Europe or the United States. Why Yugoslavia? Did you believe that objective conditions of development were similar in Iraq and Yugoslavia and that studying the Yugoslav experience would make it easier for you to understand the nature of development in Iraq?

[Answer] I chose Yugoslavia in preference to the countries of Western Europe because I believed the purpose of study in the socialist countries is not merely to grant degrees, but knowledge. The study of planning is well developed in Yugoslavia. As for the similarity between the Iraqi and Yugoslav experiences, what can be said is that there is some similarity in certain areas. In Iraq, we have until now embarked on the experiment of a state-owned public sector composed of such basic and strategic industries as iron, steel, electricity, and heavy industries. There is also a private sector in which the state does not interfere. After the experiment had gone on for a time, we discovered that there are hundreds of industries in which the private sector can play a part—construction and textile industries, for example. Furthermore, the existence of two sectors—private and public—helps create competition in the area of production, and this is something fundamental. To date, I can say that the socialist public sector in Iraq is the pioneer.

Today there is a new and important factor in our experiment. It is what we call the mixed sector. In it, the state enters with the private sector in the area of particular industries, such as light industries. We began this experiment before the war and expanded it after the war began. We now have several successful experiments in this area.

[Question] It appears that interest in the private sector became much greater after the war began than it had been previously—so much so that the impression has been created among observers that Iraq has begun to retreat from the socialist experiment.

[Answer] There is no retreat from the socialist experiment. On the contrary, we have emerged from the experience of the past years with greater clarity of vision than before. We have perceived that the private sector must be present. Perhaps you have heard what President Saddam Husayn has said: "If there were no private sector, we should have to invent it." It is irrational for the state to intervene in everything from the manufacturing of a needle to the manufacturing of a missile.

Party Leaders Assume Lower-Level Responsibilities

44040216 Baghdad AL-THAWRAH in Arabic
8 Apr 88 p 7

[Article by Yahya Kazim al-Najjar: "Exercising Party Responsibilities From a Lower Position: A Heroic Educational Tradition Firmly Implanted by Commander-Leader Saddam Husayn"]

[Excerpt] Commander Saddam Husayn, national secretary, has said, "Among the benefits of having comrades descend from a high level to a lower one is that they gain first-hand insight into the life of the party from this new position that is lower than their previous one. They see the situation with a new mind, the mind of high-level responsibility. They see how they can develop the lower echelons in the life of the party culturally, politically, and administratively." (From a speech by His Excellency, published 21 October 1986, during his visit to the al-Ma'mun Sector.)

On 18 October 1983, President and Commander Saddam Husayn visited the al-Ma'mun Sector of the Abu Ja'far al-Mansur Branch of the party. For a full month, His Excellency assumed direct responsibility for the sector, supervising its party and mass activity, and learning about its achievements and problems. He then issued pertinent directives on these matters.

Thereby, for the first time in the history of revolutions and political parties in the world, the leader exercised party responsibility from a lower position. This has become a splendid revolutionary and educational tradition for those who struggle for development toward the ideal and for raising party activity to the state we desire in order to serve the homeland and its people.

This new situation is the product of the mind of Saddam Husayn, the freedom fighter. Through his daily activities and unceasing dedication to thought and practice to enrich and develop the Ba'thist theory of action, he has become the symbol of dedication and the fountainhead of creativity.

Today, 4 and 1/2 years after this pioneering action, and as our people celebrate the 41st anniversary of the birth of the Arab Socialist Ba'th Party, AL-THAWRAH takes pleasure in highlighting the details of that outstanding procedure of "exercising party responsibility from a lower position." How did it begin? How did it develop? What is its importance? How does one thereby seek inspiration from the thoughts and directives of the supreme commander of the country? How does this experiment contribute to developing the party's movement toward the ideal and to deepening democratic practices within the ranks of the party? How, in light of these practices, do lower-level party structures derive benefit from higher-level ones?

Together with the party comrades and leaders who assumed lower-level party responsibilities in various party branches, sectors, and teams, we shall throw light on this developing form of party work.

Seeking Inspiration From the Commander's Directives

Comrade Fadil Ibrahim Habib, secretary of the command of the Karbala' branch of the party, had the following to say to us:

"Following the lead of Comrade, Commander, and Freedom Fighter Saddam Husayn in his assumption of responsibility for the al-Ma'mun Sector on 18 October 1983, the party headquarters directed party leaders to assume lower-level responsibilities in order to become informed about the activities of the organization's various sections in regard to party, mass, and mobilization-related work. In this, they sought inspiration from the leader's directives and paid attention to many rules and regulations. The goal was to direct party organizations and enrich them with new ideas, in accordance with the resources available to the leader in his particular position and his locality. As we exercised lower-level responsibility for all party organizations, we sensed a readiness to advance toward the ideal, to develop party activity, and to accomplish the missions with which people have been entrusted, such as speeches. Another goal was to train people in methods of dealing persuasively. The goal was to create among comrades a consciousness so that with their abilities they would inspire conviction. Our goals were to teach them to employ the [appropriate] methods of dialogue and discussion, follow the party's fundamental forms of democracy, and deal ethically in accordance with the desire of the party and the leader, thus producing party leaders who are attuned to Iraq's new cultural development. The goal was also to exercise responsibility by following up the state of mass mobilization in order to create a fighting people, especially that the passage of 8 years in our war with the Iranian-Zionist enemy calls for greater effort to preserve the spirit of victory the Iraqis have realized. The goal was to deepen the state of trust between party and masses—absolute trust in principles and in assured victory over our enemy."

The secretary of the command of the Karbala' branch added:

"From the secretary of the branch leadership down to the team commanders, we in Karbala' played our part in assuming lower-level responsibilities in the party. The secretary of the branch leadership assumed responsibility for a party sector. Members of the branch assumed responsibility for leading teams. Comrades who were members of sectors assumed responsibility for organizations of members. Members who were team leaders assumed responsibility for supporter and backer cells.

Information was thus gained about the entire party organization. This procedure takes place annually, in accordance with directives of the leadership on the subject.

"Through these responsibilities of ours, we became aware of certain negative situations. They were immediately remedied by the official responsible for each party position. We also became aware of many creative initiatives and outstanding situations.

"We believe that the assumption of lower-level responsibilities furthered the party's movement toward the ideal. Lower-level party organizations profited from our beloved leader's noble initiative at the al-Ma'mun Sector. His meetings with people there were lessons that supplemented the Ba'thist theory of action whose foundations Comrade Saddam Husayn has initiated and striven to implement. We also became aware of great satisfaction on the part of the party organizations taken over by party leaders. People felt that when the leaders interact with the party base, they contribute to resolving many issues which the lower level may fail to perceive. I therefore confirm that the continued assumption of lower-level responsibility is important and has an educational and struggle-related purpose."

The First Such Revolutionary Experiment in the World

Speaking about this experiment, Comrade Ibrahim Hammadi 'Ubayd, secretary of the command of the al-Hindiyah Sector, said:

"In these immortal days in the life of our nation, our heroic party and the masses of the Arab nation celebrate on the 7th of June the anniversary of the founding of the glorious and militant Arab Socialist Ba'th Party, which has sacrificed its young people in the struggle for this nation's pride and honor and for the exalted edifice of its glory.

"It is the party of the deep-rooted Arab nation, possessor of the first culture known to history. We see this nation give birth to great leaders from age to age and in successive historical eras.

"Today, it has given birth to Comrade and Commander Saddam Husayn—may God preserve him—to raise this nation from a state of decline and backwardness to a state of progress and advancement, overcoming all obstacles and every kind of conspiracy devised by the imperialist and Zionist powers, of whom the Zionists of Iran are the latest.

"Comrade Freedom Fighter Saddam Husayn remains unique in his leadership qualities. His creativity is ever apparent in all situations: for from reality he deduces new elements that promote development toward progress. He proposes creative intellectual enrichment and shapes the Ba'thist theory of action. He has made it his practice never to impose a demand on others without imposing it

on himself first. His assumption of lower-level responsibility was a link in his innovative effort to reshape the Ba'thist theory of action which he put into practice in the al-Ma'mun sector. Afterwards, it became a revolutionary tradition in party and state institutions, because the Arab Socialist Ba'th Party was the first revolutionary party or movement in the world to adopt such an experiment in its internal organization and in the administrative organs of the state."

Experiment Realizes Two Tendencies

The secretary of the command of the al-Hindiyah sector added:

"There are no divisions between the party leadership and the base, except for situations that come about systematically for the purpose of education and that must be followed in the party hierarchy since such leaders are close to the vital points of the organization and the society. However, from time to time these leaders need to be in closer contact with the lower echelons in the organization for two reasons:

"—First, to enrich the organization's lower-levels with the organizational and militant experience of the leadership, and to do this directly, without the organization's communication links.

"—Second, in order to acquire detailed information and expertise, thus accomplishing what the commander—may God protect him—said: 'Be a teacher and a pupil in the midst of the masses.' [Leaders] become acquainted with the most important obstacles and learn how to implement and apply instructions issued by the higher-level command. Obstacles are then remedied through the power that the command in question has to issue a decision, without being restricted by local considerations whose primary function is to facilitate service. [This power] inevitably expresses the party base's feeling that true democracy is practiced between leadership and base, through discussion and the interaction of opinions in order to remedy defects and realize higher modes of innovation and development in the struggle. Various leaders will practice this whenever they feel it to be important, without fixing a time limit for it. The assumption of lower-level responsibility will precede the establishment of a procedure to realize the ideal form of this experiment. [Leaders] benefit from the opinions and observations of party comrades who have direct responsibility for the organization. The party apparatus senses that the purpose of this experiment is not so much surveillance or investigation as it is educational, its goal being to deepen the bonds between leaders and base in the spirit of revolutionary and democratic comradeship aimed at achieving the party's desire to overcome all obstacles blocking the path of its struggle. It is for this reason that I assumed a lower-level responsibility, leading a team within the organizations of the sector. I kept in mind the words of Commander Saddam Husayn—

may God preserve him—as I pursued cultural, organizational, popular, political, and economic endeavors, as well as the above-mentioned goals. The Ba'thist leader must be the model followed in all fields; for thus, we have learned, principles and life acquire meaning."

Comrade Mahmud Mahdarbashi, secretary of the al-Karadah Sector of the Arabic Socialist Ba'th Party said the following about this practice:

"What distinguishes the comprehensive vision of Comrade, Commander, and Freedom Fighter Saddam Husayn—may God preserve him—on all the issues that concern the party and that impel it forward lies in his unceasing creativity realized through the interaction of duty and truth. The national commander's initiative in assuming responsibility for leading the al-Ma'mun sector was a beacon that guides us to the accomplishment of outstanding achievements in the course of our struggle.

"I assumed lower-level responsibility several times. The last time was when I took over responsibility for the al-Wandah Cell of the al-Sa'dun Team during March of this year, 1988.

"This practice has had a great and pronounced impact on the party membership. Comrades see how much serious practical interest is shown by the leadership in creating stronger relations of comradeship between leadership and base. This led to a marked increase in enthusiasm, not only on the part of the members of the cell I took over, but also on the part of all party cells belonging to the al-Karadah sector. Furthermore, from this position I gained a realistic and practical picture of how members were carrying out and following up party duties. The way was opened for me to make appropriate and quick decisions on a number of party matters related to the work of comrades in the party base."

He added: "This great experiment means cohesion in essence and principle between leadership and base. The leadership is enriched by new knowledge of the required precision, and there is a thrust that leads to increased zeal and enthusiasm on the part of comrades in the party base.

"This excellent practice began with the national commander's first visit to the headquarters of the al-Ma'mun Sector and his assumption of responsibility for leading the sector. It thus became a fruitful procedure for party cadres and comrades at all levels. We found in the steps of the commander the best beacon to guide us. The practice has developed into an advanced form of creative and outstanding interaction. Commander Saddam Husayn's speech on 18 October 1987 to the secretary and members of the al-Ma'mun sector constitutes an authentic, pioneering expression of the party's great interest in culture, consciousness, and interaction with the masses—things fundamentally connected with the party's leadership role in society.

"This experiment has come to be not a routine operation we carry out at a specified time, but a practical and realistic lesson for our party apparatus in order to evolve suggestions and recommendations that promote the work of the party and thus advance our struggle in balanced and conscious steps to achieve the destined goals of our Arab nation."

12937

Analyst Warns of Kurdish Role in War With Iran
44040211c Cairo AL-AKHBAR in Arabic 28 Mar 88 p 5

[Article by Mahmud al-Durrah, an Iraqi politician: "The Kurdish Role in the Iraq-Iran War"]

[Text] Iranians set their sights on northeastern Iraq after failing to achieve any victory on the battlefield in the central and southern regions of Iraq and after failing to occupy al-Basrah, which is located opposite their borders. They wanted to occupy al-Basrah so they can separate Iraq from the countries of the Arabian Gulf. They set their sights on northeastern Iraq because Iraqi defenses on the borders in that mountainous region are weaker than they are elsewhere on Iraq's 1,150 kilometers border. Kurdistan is an autonomous region in Iraq, and the Kurds are responsible for their own defense. They also receive limited support from the Iraqi army. It would be unreasonable for the Iraqi army, which has half a million soldiers, to be deployed all along Iraq's long, common borders with Iran.

The struggle over Kurdistan, which is divided between Turkey, Iran, Iraq, and other satellite states which are subordinate to Syria and to one of the Soviet Union's republics, has been a long, historical struggle. It is a struggle that tore up the country and fragmented the Kurdish people who have been divided and are still living under a system of tribal feudalism. The Kurdish people are exploited by leaders who use them to achieve their own personal ambitious schemes which have nothing to do with the aspirations of enlightened Kurdish citizens who want to unite their people and bring them together.

Iranians used that large loophole to penetrate Iraqi Kurdistan. They used chemical weapons in their attack on the city of Halabjah, and they captured the city with the assistance of a Kurdish adventurer and his troops. This Kurdish adventurer had fought previously against his fellow rebels, the Iraqi Kurds. At that time Iraqi Kurds followed Mulla Mustafa al-Barzani who led them under the banner of the so-called knights who are loyal to their Iraqi government.

This adventurer whose name is Jalal al-Talbani had sold his services to the existing Syrian regime following a dispute between the two factions of the Ba'th Party: the Iraqi and the Syrian factions. With the mercenaries who work under his command, he led an attack against the common borders between Syria and Turkey, cutting the

Iraqi oil pipeline which runs across Turkish territory to the Mediterranean Sea. He attacked that area more than once before he was driven out of there once and for all. Al-Talbani then turned to Iran after taking the weapons and ammunition he needed from the Syrian regime. The Iranians then used him in their new attack on the borders in the area of southern al-Sulaymaniyah. The territory there is generally level and conducive to the movement of military machinery. With al-Talbani's assistance the Iranian army was able to occupy al-Tawilah, Halabjah, and Khumal in preparation for its advance toward al-Sulaymaniyah, the capital of Iraqi Kurdistan to the north. They hoped then to advance to Kirkuk, Iraq's main oil city, and to the Darbandakan Dam in the south. They hoped to surround the Iraqi army, which is stationed in Khanqin, as well as the defenses of Jalawla'. Both are relatively close to the capital, Baghdad.

During the period of my service in the military, I had worked for a long time in that area in particular, and there is no doubt in my mind that Iran's new strategy includes ingenious plans which the mullahs who rule Iran today could not have come up with. Prompt action to foil these plans is required whether it was the Israelis who came up with them or al-Asad's regime in Syria.

It is true that the Iraqi army launched a counter attack against Iranians in the area of Khurmal. It is also true that even as this is being written, the battle which is being fought there has not been resolved yet. It is not unlikely for the Iranians to launch another offensive and to open up another front in the center or in the south to distract the Iraqi army and to relieve the pressure which is being applied to them in southern Kurdistan. They can thus achieve their objectives in that area which is vital for Iraq.

But all that requires prompt and earnest action from Arab countries to help the Iraqi army defend the eastern borders of the Arab homeland. The present situation is one in which statements made by Arab officials expressing support for their sister state, Iraq, are no longer adequate. God helps the faithful who suffer from the evils of war.

Although I have been away from Iraq and have not been informed about its combat position, [it is my opinion that] today Iraq is in a critical and difficult position inspite of the fact that for 8 years it did foil Iran's invasion and its vicious, destructive and insane war.

It is the responsibility of Arab countries to support Iraq with their armies. It is their responsibility to execute the Arab Mutual Defense Pact. That must be done if Arab leaders are committed to honoring their signatures on that pact. Otherwise, we can kiss the Arab nation goodbye and just pray for its salvation.

JORDAN

Functionaries Discuss Taxing of Industry and Trade

44040197 Amman *AL-DUSTUR* in Arabic

24 Mar 88 p 15

[Excerpts] Moderated by Nabil 'Umar and Muhammad Amin.

We have often said that the Jordanian is more pampered than his counterparts in similar countries. He is frequently envied for living under conditions of security and stability. He enjoys the best social and economic climates in a region that suffers complex crises, pressures, and setbacks.

The Jordanian state, this homeland which is small in size and poor in natural resources but rich with its citizens, strives for the highest health, educational, housing, economic, and social standards as well as for infrastructure and services comparable to those in developed countries.

The taxes levied on citizens, despite certain negative aspects, are therefore not wasted. Indeed they assure sound citizenship and are urgently needed in our circumstances.

Today, *AL-DUSTUR*'s seminar explores the tax situation in the kingdom. Panelists are Messrs. Salman al-Tarawinah, director general of the income tax department; attorney Isma'il al-Muhadin; Haydar 'Isa Murad, member of the executive committee of the Amman Chamber of Commerce; and Ziyad al-Humsi, member of the executive committee of the Amman Chamber of Industry.

[*AL-DUSTUR*] Welcome, gentlemen. Would Mr Salman brief us on who must pay income taxes?

[Al-Tarawinah] There are two types of taxes. Direct taxes are actually paid by the person legally taxed. With indirect taxes, the person legally responsible is not the person actually taxed. They are paid by a person who would pass them on to another. An example is customs duties which are fulfilled by the merchant who charges the consumer for them but adds them to the cost of the goods.

As to income taxes specifically, they are imposed in Jordan on any person with income from one of the following sources:

- 1-profits of trades, crafts, commerce, and industry
- 2-salaries, wages, etc.
- 3-interest, discounts, and commissions
- 4-profits from any agreement such as contracts, covenants, tenders, and commissions to middlemen and commercial agencies
- 5-profits from obligations as well as arbitration and expert fees

- 6-real estate
- 7-key money
- 8-sums received in lieu of rentals and licensing fees for the use or exploitation of any trademark
- 9-income received by residents or non-residents from land, sea, and air transportation and insurance
- 10-any other income not mentioned above

Also subject to this tax are any commissions received abroad by any licensed bank or any financial, banking, or insurance firm as a consequence of funds or deposits maintained in the kingdom. Export profits are also subject to tax, but receive partial exemption.

There are exemptions spelled out in laws other than the one dealing with income taxes such as those for investment promotion and the general debt which provide exemptions, under certain conditions, for income derived from agriculture, tourism, hospitals, industry, mining, etc.

[AL-DUSTUR] What impact do taxes have on commerce in Jordan?

[Murad] The merchant's liability for income taxes depends on the amount and percentage of profit. The procedure for proving profit, as spelled out in income tax department guidelines, is currently based on the honor system which has given the merchant a great deal of self-confidence and contributed to the spread of honesty and fidelity. Each pays according to his profits. Losses, if any, are carried forward to profitable years. It becomes important, therefore, that merchants keep their accounts in a manner approved by the income tax department.

Indirect taxes, such as customs duties, are not borne by us as merchants because, heavy or light, we pass them on to the consumer immediately as added cost for the goods. All other taxes we pay, such as the university tax and the auxiliary tax, are also passed on to the consumer, each according to the degree of his consumption.

There is no doubt that commerce is negatively impacted by the multiplicity of taxes in times of recession or illiquidity. It is implicit that periods of recession lead to lightening the tax load.

Aside from income taxes on profits, there are fixed taxes such as those paid by the merchant whether he worked or not and whether he realized a profit or not. Such taxes are required of all citizens and not only of merchants and they always increase the burdens of recession. The merchant might be accepting of tax escalation in times of prosperity but he would wish for a lighter tax burden in times of recession.

[AL-DUSTUR] Does this also apply to the industrial sector in the kingdom?

[Al-Humsi] Income taxes are levied on everyone but there are taxes levied on industry that differ from those on commerce. Examples are excise taxes and levies on some industries that contribute some 71 million dinars annually to the state.

That tax has impacted many industries such as, and this is merely an example, the juice industry which shrank from 12 plants to 2 causing the state to halve the taxes on it.

There are also other taxes and duties, sometimes as high as 65 percent, on industrial equipment and spare parts as well as certain raw materials. One should take into consideration, however, that the state allows for relief under the investment promotion law.

[AL-DUSTUR] What about the multiplicity of taxes and their impact on the spread of industry?

[Al-Humsi] In a recession, taxes have a negative impact on economic development. A World Bank study comparing countries with high tax rates to those with moderate tax burdens reveals that, all things being equal, moderate-tax countries had an annual economic growth rate of 7.3 percent compared with only 1.1 percent in high-tax countries. This is an indication of the extent to which high tax policies can hinder industrial growth.

Our country needs industrial development in order to provide jobs for graduates of universities, community colleges, and other schools. This calls for a moderate tax policy.

[AL-DUSTUR] In your view, what specific taxes impede industrial progress in Jordan?

[Al-Humsi] The most obvious are customs duties which are sometimes as high as 70 percent on spare parts and as high as 50 percent on certain raw materials.

Facilities and relief for those industrial requirements, provided they are actually used by industry, could contribute greatly to industrial growth. There are also other very high levies and excise taxes.

[AL-DUSTUR] Excise taxes are fair when imposed on luxuries but are debatable on mass consumer goods such as foods, cleaning supplies, etc.

Let us go back to the income tax which confirms a person's citizenship in order to get better acquainted with the new income tax law from the viewpoints of legislation and application.

[Al-Muhadin] Article III of the constitution of the Hashemite Kingdom of Jordan defined procedures for the fair imposition of taxes. The income tax law is the only one in which this article has been applied. It is the only law based on the premises of tax fairness and of ensuring everyone's contribution to the treasury.

The income tax law is the primary measure for people's contribution to the state's treasury. Income taxes account for some 80 percent of all revenues in advanced nations.

But the income tax law should not be viewed merely as a means of raising revenue. It has two main objectives—revenue making and fairness through progressive taxation.

As we review the current law as an update of laws promulgated since the fifties, we must seek to identify sources of income. They are three—labor, capital, and labor plus capital. The first of these should be treated separately from the other two.

The current income tax law grants relief to income from labor. Employees are entitled to deductions of 50 percent on salaries from the public sector and of 25 percent in the private sector. By contrast, the 1985 measure granted deductions to income from capital such as stocks and real estate. It also granted deductions of 30 percent to income from real estate in the region of the capital governorate and of 50 percent for income from real estate outside the capital. It exempted income from trading in real estate even though the labor involved is minimal.

It is obvious that real estate trading is a type of investment that involves no labor of the kind performed by an employee or a merchant whose contribution is a mix of capital and labor. I do not believe that this is fair. Assualts on the concept of fairness began in 1964 when a 25 percent tax was imposed on corporations to the benefit of large shareholders whose incomes from such corporations were not added to their other incomes subject to the progressive tax.

Such assaults on the concept of tax fairness have evolved in recent laws since corporations are now considered ordinary individuals in the 50 percent income tax bracket. This, I believe, had an effect on the fairness of the tax and on its revenue-making.

The income tax law is a means for social reform since the process of progressive taxation eliminates the concentration of wealth in a few hands. This is similar to the practice in capitalist countries where progressive taxes exceed 80 percent.

[AL-DUSTUR] We believe that a great many questions have been posed to the director of income taxes.

[Al-Tarawinah] First, the income tax law has an economic objective in addition to its fiscal and social objectives. As a tool of fiscal policy, it must contribute to guiding the national economy.

Since corporations pay taxes on their income, it would not be reasonable to also tax individuals on dividend distributions. A portion of real estate returns was

exempted from taxes in order to alleviate stagnation in that market and also attract capital. It is to be noted that that sector is liable for numerous taxes such as fees on buildings and on sales transactions, etc. Everyone benefited from that tax relief.

As to corporations, the objective is to help startups. The tax is progressive on corporate profits as it is on individual profit and depends on the amount of that profit.

Even though revenue-making is an objective of the income tax law, budget figures show that taxes account for 36 percent of total state revenues which is a very reasonable percentage.

[AL-DUSTUR] It seems that Mr Haydar wants to say something.

[Murad] In fact I would like to articulate some merchant observations on the implementation of the income tax law. This concerns the manner in which auditors handle bad debts since the law has not specified a time for retiring those debts. They are also concerned over spot audits made by the agents. Despite the trust the tax system presupposes in the taxpayer, and despite the latter's right to object, these spot audits frequently differ from the taxpayer's final financial statements.

For instance, the auditor might cull sample invoices from the books of a taxpayer whose final accounts indicate a 15 percent profit. The samples, however, might, as an accident of chance, indicate profits as high as 30 to 40 percent. At this point, the auditor will not accept the taxpayer's estimate and a conflict develops because the sampling was not wide enough and the auditor took only a few samplings. A problem develops when the auditor believes he is in the right.

Then there is the manner in which income tax handles damaged goods. Guidelines are warranted here as they are in the case of goods short-weighted due to natural causes.

Personal exemptions for the taxpayer and his family, even though they have been raised, are not in step with current economic conditions.

[Al-Muhadin]: (interrupting) I agree in fact with Mr al-Tarawinah that the income tax law has an economic objective that occupies third place after its two primary objectives.

But I believe that the 1985 law, with the exemptions it provided, has resulted in decreased revenues without accomplishing the legislative objective of economic stimulation. This means that those exemptions did not stimulate that stagnating market because of already existing fees on the buying and selling of land.

In fact, instead of stimulating real estate transactions, we gave tax breaks to a number of individuals who make deals of this kind. I therefore believe that the legislation was not in tune with the realities of the situation and did not accomplish its objectives.

[AL-DUSTUR] As a whole, did those income tax law exemptions accomplish their goal of stimulating investments?

[Al-Tarawinah] Tax legislation is considered one of the factors of any investment climate. These are controlled by many elements of which taxes are the least important. Those elements include marketing methods, liquidity conducive to investment, administrative policies towards ventures, the state's administrative policies in dealing with investors, and the degree of political and economic security which, thanks to heaven, prevails in our country.

There is also competition among nations to attract investments in addition to the availability of adequate infrastructure, cheap raw material, and skilled labor.

Those and other factors influence the growth of investment. Jordan's investment strategies, which include tax policies, must be re-evaluated every so often in order to determine their impact. Exemptions lead to lower tax revenues over the short term. In the long term, however, such exemptions aiming at investment promotion will lead to bigger incomes and larger tax revenues. That is the reason behind them.

We have not made adequate studies on the effect on investment of exemptions legislated in the income tax and other laws such as the investment law. It would be safe to say, however, that they have been positive to a large degree.

[Al-Humsi] (interrupting) The aggregate of taxes, fees, and other levies collected by the state in 1978 accounts for 62 percent of total domestic revenues under the budget. The tax burden in Jordan, relative to the domestic product, compares with 21.2 percent for the world as a whole, 16.2 percent for Singapore, 17.1 percent for Brazil, 14.2 percent for Korea, 11.7 percent for Thailand, 10.6 percent for Japan, 18.5 percent in the United States, 30.6 percent in Sweden, 30.4 percent for Britain, and 27.5 percent for New Zealand. This would indicate that among developing nations, Jordan has one of the highest tax burdens. Our tax burden differs little from developed nations where the individual enjoys high income and advanced services.

[Al-Tarawinah] Jordanians must pay the bills for their country and its dignity. The percentage is reasonable even though there is some criticism of the way the tax burden is distributed among citizens.

Taxes and fees finance the country's treasury and the services it renders. The aforementioned percentage of the domestic product and national income is still reasonable and acceptable in view of the quality of services and national security.

I believe that our standard of services, education, health, security, etc., is excellent compared to other nations, not to mention the infrastructure built by the state. It would be beneficial, however, to discuss how to re-distribute the tax burden. The income tax in itself represents no more than 2.5 percent of national income which is too low, according to expert opinion.

I am not calling for a tax increase since the state has made it a policy in the past few years to reduce the tax rate.

[Al-Humsi] (interrupting) I believe that increasing the tax burden would discourage investment and blunt attracting capital. There are indications that many investors now resort to speculation in the stock and financial markets because they are not subject to tax.

12945

LEBANON

Forty Percent of Aid Reportedly Reaches Destination

44040222 London *AL-HAWADITH* in Arabic
29 Apr 88 pp 44-45

[Article by Yusuf Nasrallah: "Lebanon Aid Material Loaded But Does Not Arrive; 40 Percent Distributed, Remainder Sold or Stolen"]

[Text] When a high official in the Lebanese government was told that a steamer carrying medicines earmarked for Lebanon had disappeared between Europe and Lebanon, he laughed and said, "There is nothing strange about that. Of all the kinds of aid that reach Lebanon, most disappear within Lebanon itself after they arrive."

The consignment of medicines in question consisted of aid and donations collected in a number of European countries. Its value was Fr 8 million. It was transported in a special ship that sailed for Beirut from a European port, but it never arrived.

This incident was not the only one to reveal what is really happening to the aid, assistance, and material contributions earmarked for Lebanon or sent to the Lebanese. There is a great deal of aid, but more and more kinds of fraud are involved with it. The same high official announced that the reason is not any inadequacy in the manner of organizing receipt and distribution of the aid; the reason is the large number of reception and distribution channels. Although the government has restricted the matter of aid to the Higher Relief Organization, the restriction has not been adhered to. Instead, agencies,

organizations, and associations have so multiplied that it is no longer possible to ascertain the body granting the aid or the body overseeing distribution.

In fact, the forms and sources of aid have become many:

—There is aid that was announced less than a year ago by the American ambassador, John Kelly, who said that the American State Department's Agency for International Development had approved aid to the Lebanese in the form of \$8.5 million in food. The ambassador himself announced that the food would be distributed by the Federation for Children's Relief.

—There is aid that was and still is being offered by Saudi Arabia. It is distributed by the al-Hariri Organization, headed by Rafiq al-Hariri, whom the Saudis trust. He has often served as a political intermediary between Lebanon and a number of Arab states.

—There are contributions and aid distributed by the International Red Cross. Other aid is being distributed by organizations, associations, and agencies that have been formed, some of them recently, in West or East Beirut with the sole purpose of undertaking the task of distribution. In addition, there are specialized organizations of long standing that are carrying on such social or charitable work. These include: the al-Maqasid Association, the Islamic Revival Associations, Charitas, the YMCA and YWCA, and the Council of Churches. These all either complement the work of the official Lebanese Higher Relief Organization, or are incompatible with it.

If, as an authorized source says, it is difficult to keep track of the aid offered and to restrict it to one official or popular agency (this might block aid to one body or another), it should at least be possible to prevent aid from slipping into the hands of traders or the markets. It should be possible actually to get the aid to those who need it.

Going back a few months, we find that the American ambassador's announcement that American aid to Lebanon would be channeled through the Federation for Children's Relief raised questions and forced Minister Joseph al-Hashim, in his capacity as head of the Higher Relief Organization, to issue an official statement that "the Higher Relief Organization is the only organization officially empowered to receive and dispense aid, and it is not acceptable to disregard it."

The clarification came after several members of the organization threatened to resign unless its role and activity were defined in such a way as to remain comprehensive and general. The clarification calmed the resignation movement and the storm of protests, but it was not able to restrict aid reception and distribution to the organization. Ways of avoiding the organization in receiving and distributing aid continued. These ways became as various and diverse as the forces controlling and dominating the different regions of Lebanon. It is

not the intention here to direct blame or hold the state—helpless as it is—responsible. Neither is it the intention to blame organizations here or there; these organizations are the ones that bring the aid and forward it. But it seems important from the human and patriotic point of view that the aid reach the Lebanese who need it and in whose name it is given, but to whom not all of it is distributed.

The ambassador's statement and the minister's clarification did not stop the diversification of aid reception and distribution. Instead, the diversification increased, and the number of organizations handling aid also increased. The reason is that the aid has become political in nature, or has been so from the beginning. It is a means employed in the Lebanese arena to benefit this or that party and for the benefit of this or that state.

Aid no longer consists merely of donations limited to a certain amount of food. There are a variety of other kinds of aid: food, medicine, and agricultural, health, or educational donations. The fraudulent distribution and theft of aid has therefore taken different forms, especially since the value of the aid has exceeded \$200 million (taking account of the European Common Market announcement of the provision of \$104 million in aid to Lebanon during 1988).

Thus it becomes clear that there are many forms of misappropriation of aid or large amounts of it.

—The distribution can include those in need and those not in need; or it can extend more to those not in need than to those in need, with those in charge of distribution giving to their friends, relatives, and connections before they give anything to those for whom the aid came. Naturally, this depends on the directives of the militias that dominate or influence a particular area. For example, one of the armed movements stipulated that if Saudi aid was to be distributed to the residents of the southern suburb, it would handle the distribution. When the al-Hariri Organization refused and held fast to its refusal, the movement retreated and decided that the organization could distribute as it had done in Beirut.

—Even worse, a large part of the aid can be siphoned off to commercial markets for sale. The Consumer Defense Association and some union financial committees have observed quantities of canned goods, sugar, rice, and oil offered for sale in small groceries or even supermarkets; in reality, these things come from aid and voluntary contributions. Quantities of schoolbooks that were sent as aid from France in 1987 and that wound up in bookstores, despite their having been stamped, "free distribution," have been seized. The value of this school aid was Fr 30 million (others say its value was no more than Fr 12 million). Besides books, the aid included school equipment that was disposed of haphazardly.

Sources mention that Charitas was the agency that received and distributed the aid. After its distribution, the educational aid made its way into bookstores, where it was sold.

—The \$10 million in aid given by FAO also went to the merchants and into the storehouses of big farmers in various parts of Lebanon. The aid consisted of chemical fertilizers, medicines, hybrid seeds, seedlings, spraying equipment, irrigation equipment, and other agricultural and fishing equipment.

Even worse than theft, misappropriation, or sale of aid is not using it. Health [Ministry] statements show that there is aid including medicine and modern hospital and medical equipment, some of it given by the Australian, some by the West German government, and recently by the European Common Market, as well as the organization "Doctors Without Borders."

Distribution of medical and health assistance has generally been haphazard. It has gone to people who did not know its importance, or to people who sold it. Some of it was distributed preferentially to private hospitals and clinics. Of the equipment distributed to government hospitals, some has remained unused and in storage for want of people who know how to use it, or it has been distributed in advance of issuance of the order placing it in operation or allocating the funds for its operation.

Private hospitals are said to prefer that some modern equipment not be used for treatment in government hospitals, since that would cause competition for the private hospitals.

Informed sources mention regard the three operating rooms the Australian government donated for the government's al-Nabatiyah hospital. These operating rooms were not used properly when they were put into operation last year, because of the hospital's overall weakness and the lack of specialized personnel. The same government gave Lebanon 40 kidney dialysis units; as of the beginning of this year, these had not yet been distributed and remained in the Health Ministry's warehouses, despite the fact that the Lebanese government recently received DM110,000 in aid to be used for kidney dialysis. Even if it has been distributed, the Tallat al-Khayyat Kidney Dialysis Center, for example, is not operating, despite the pressing need for it.

This and other information helps in ascertaining the amount of aid given to Lebanon and the Lebanese in general. An informed source has placed its value at billions of Lebanese pounds. The same source believes that of these billions only about 35 or 40 percent has reached those legitimately entitled to it. The rest has either been lost through theft, brokerage, or protection fees; or else it has been sold, stored, or has spoiled. Some has become the object of dispute and waits for an agreement to be reached so that it can be distributed.

While the Higher Relief Organization, the official joint organization that was established by decree, legally handles the receiving and distribution of aid, the organization is as helpless as the Lebanese government. It has authority, but no power.

The organization is headed by Health and Social Affairs Minister Joseph al-Hashim. It includes the director general of the Department of Social Reconstruction, the director general of Social Affairs, a representative of the prime minister, and a representative of the cooperatives. Actually, the Department of Social Reconstruction forms the organization's executive apparatus. The decree establishing the organization brought under its authority all aid in kind coming from abroad. The law specifically forbids the receiving of foreign aid except through the state and its agencies. The agency is funded by decree of the cabinet, insofar as it is a temporary agency (although the continuation of the current situation in Lebanon has rendered it permanent). Until the beginning of 1983, the organization performed its legally defined task, and all parties abode by what was mandated. After that date, however, all legal regulations governing aid fell into abeyance. International organizations began dealing directly with local Lebanese popular organizations, without regard to the government and its agencies, and without regard to its aid organization. Aid came to be controlled by the strength of the agency that received it, or even by whatever agency had conveyed it from the foreign government or organization and delivered it to the distributor.

According to the same source, in the end only FAO continued to restrict its aid to the Higher Relief Organization. The European Common Market, on the other hand, dealt with the agency on the same basis as it dealt with other popular organizations and agencies; it did not deal with it alone. Curiously, although popular organizations and agencies receive aid, in distributing it they rely on statistics of the Higher Relief Organization or even on its executive apparatus or on such state security centers as the al-Sayyar Barracks in East Beirut, or the Fardan and al-Hilu Barracks in East Beirut.

About the aid that the Higher Relief Organization has handled, one can say what was said by Mahdi al-Sadiq, head of the Department of Social Reconstruction: Aid received by the organization used to be distributed to the needy according to rosters and studies. After 1984, however, distribution took place on a fifty-fifty basis between Christians and Muslims. Al-Sadiq Mahdi's statements contain much information, such as the fact that some of the food distributed was in fact spoiled. This food was distributed to Muslims in the two branches of the border strip occupied by Israel. The reason for this was that distribution of this food was delayed while waiting for Israel and Antoine Lahd to allow distribution. On the other hand, the food allocated to Christians in those villages was divided up in East Beirut and remitted directly.

Another thing al-Sadiq said was that the quantities of aid given by the European Common Market were sold, with the knowledge of the market, in order to obtain money to implement certain projects. Quantities of food were sold for about 155 million Lebanese pounds. Development projects have been and are being implemented with the money.

One can draw the following panorama from a detailed review of the aid and the manner of its distribution:

—From the beginning of 1987 to this year, aid valued at \$17 million accumulated in the government's possession from FAO (\$6.5 million) and other organizations. In addition, the European Common Market has notified the Lebanese government that it has earmarked \$104 million in aid for it in 1988 (food, and educational, health, and agricultural donations). The Higher Relief Organization has distributed some of this aid and is preparing to distribute the rest.

—The Lebanese Relief Association, headed by the wife of President Amin al-Jumayyil, has received and distributed aid for people injured in explosions. Also, in 1987 it distributed 50,000 food allotments from the al-Hariri Organization in eastern districts: Beirut, the districts of B'abda, al-Matn, Kasrawan, and Jubayl, as well as in refugee concentrations and homes for the elderly and orphans.

—The Federation for Children's Relief has received aid from a number of countries, especially from the American Agency for Development. It has implemented projects to rehabilitate children, as well as distributing aid to those whose need has been demonstrated to it, especially displaced persons. Recently, it distributed aid to the people of Ra's al-Nab'. Afterwards, it broadened its activities to include all displaced persons. The federation's aid has been distributed through police stations in Beirut, especially in Jabish, where the federation's headquarters are located. A source in the federation says that in a single year it has distributed \$20 million in food, winter clothing, and medical appliances, especially to the handicapped.

—All the aid distributed by the al-Hariri Organization has been given by Saudi Arabia. The last consignment announced for distribution was valued at \$10 million (5 billion Lebanese pounds). In the beginning, distribution took place through associations in Beirut and the provinces; when this became disorderly and went through channels other than those that had been designated, the staff of the al-Hariri Organization took over distribution and made it include all of Lebanon. It is supposed to take in 500,000 Lebanese families out of the total number of families living in Lebanon (on the basis of a population of 3 million people). Distribution has taken place in both West and East Beirut. Distribution has been direct: the organization's vehicles stop in residential districts, and a special team knocks on each door, inquires about the family living there, and gives it the allocated quantity of

aid without elaborate details. Each unit distributed has a value of 10,000 Lebanese pounds and includes oil, chick peas, shortening, sugar, and other items.

—The aid given by the International Red Cross is given through the Lebanese Red Cross. In 1987, aid worth 12 million Swiss francs was distributed. In 1988, this rose to about 20 million Swiss francs in medical, therapeutic, and food aid. International Red Cross aid has concentrated on the south, where, according to the source, it is needed and where there is a state of international war necessitating aid and relief. The distribution process is determined according to information available to International Red Cross offices in all areas of the conflict, without discrimination. In addition to the regular aid of the International Red Cross, emergency assistance is offered to hospitals and clinics throughout the Lebanese south.

This is a panorama in general terms, without going into minute details about small or large associations that obtain and distribute aid for some objective or in the interest of establishing their own role.

Although this panorama seems innocent and objective, the details and forms of distribution are what spoil it and impede the goal of distribution and its humanitarian purposes. This happens for many reasons:

—Some are political reasons. Aid has come to be a political language that various movements, associations, and parties speak. It is a means of supporting a political position or the weight of a human presence in the Lebanese arena. Observers even think that some groups procure aid from various countries only to demonstrate their own existence and to compete with other groups for influence in a particular village or circle. It turns out that a large number of clinics and medical or charitable organizations were founded in the last 4 years only to obtain and distribute aid that benefits members of the organization, on the one hand, and the organization as a whole, on the other.

—Security factors also impede distribution where armed militias control and dominate. No food or medical unit or aid passes to any citizen without the knowledge and blessing of the militia involved. Shares of the aid must be allocated to these elements, or they have to be given protection fees and brokerage fees.

—Religious or sectarian reasons impede the proper distribution of aid. After the role of the higher Relief Organization diminished, and popular organizations and associations moved to receive and distribute aid, the religious community worker began to play his part, and the matter began to be tied up with religious affiliation. When international religious associations and organizations were called upon to respond to this "extension of religious community" in order to give and distribute aid,

each religious community found an association of its members abroad to take an interest in it and support it. Sometimes they found a state or a political party.

These and other reasons have hindered the reception and distribution of aid. The risk of aid not serving its purpose has become so great that, as an informed source believes, Kuwait earmarked \$10 million in aid to Lebanon, but held up implementation so as to avoid what aid given previously by governments and organizations was exposed to.

If, as those who are informed say, only 30 or 40 percent of the aid reaches the Lebanese who are entitled to it, this means that the number of profiteers from the Lebanese war is increasing day by day. They are enriching themselves not only from the weapons business and from politics, but also from trafficking in the aid that represents people's food, health, and life. Far from being restricted to a region, neighborhood, city, or village, or to a group, political party, or organization, this has become pervasive and general. National and humanitarian necessity demands keeping hands off this aid, so that it can reach the Lebanese to whom it really belongs. The Lebanese have too much sorrow, misery, and poverty from the wars of weapons, politics, and dollars that have affected them for them to be beset by a war of aid that causes double sorrow: the sorrow of having the aid come in their name, and the sorrow of its not reaching them.

This is true even if we do not go so far as to say what one of the political observers has said: that aid has become a greater threat to the loyalty of the Lebanese to their country than weapons and politics. Given the need and the poverty, one fears that the Lebanese will become loyal to whatever organization gives them food, medical, and educational aid. At that point, what will remain of loyalty to the mother country, to Lebanon?

Humanitarian aid given to the Lebanese is at once a salve and a danger. It will remain a threat to the Lebanese if it in fact remains their source of living and continues to endanger their loyalty—not to mention if it continues to arrive in their name, but does not reach them!

12937

SAUDI ARABIA

Finance Minister Praises Economy, Condemns Low Oil Price
44040209a London *AL-HAWADITH*
22 Apr 88 pp 46, 47

[Interview with Finance Minister Muhammad Aba al-Khayl: "Saudi Arabia Has Managed To Realize a Negative Rate of Inflation!;" date and place not given]

[Text] One of a few people active in affairs of finance and the economy is Muhammad Aba al-Khayl, minister of finance and economy of the Kingdom of Saudi Arabia, is specialized in his area and diligent in his readings

and nothing escapes him, however delicate and small it might be. He is on permanent alert and keeps abreast of international, regional and local economic conditions with a presence whose likes are rare. He expresses an opinion only if it is replete with study and investigation and documented, and this explains the maturity, pithiness and constancy in his decrees, which, by directive of the commander, King Fahd, the servant of the two holy shrines, plan for the Saudi citizen's future, welfare and self-confidence and consequently for the stability of the Arab and international economy, since the Saudi kingdom, with its great resources, reflects weight on all international scales.

In his office in the Ministry of Finance in Riyadh, the quick-witted minister received *AL-HAWADITH* at a long meeting which lasted more than an hour before his trip to Washington to attend the meeting of the International Monetary Fund, where he made an effective contribution.

AL-HAWADITH: SAMA has initiated the process of regulating Saudi banks' relations with their clients, especially their debtors, with the intention of guaranteeing the best performance of debtors' commitments toward them. How do you evaluate this process? Has it succeeded in strengthening the banks' confidence in lending policy?

Muhammad Aba al-Khayl: The committee which was established to settle the existing cases between the banks and some of their clients is working as had been planned for it to, and working actively. The fact is that its output is greater than had been expected relative to the magnitude of the cases it is reviewing. The fact is that it has improved the atmosphere of banking activity and created a better relationship between the banks and clients, and the evidence for that is numerous.

AL-HAWADITH: What in your estimation is the magnitude of the exposure of the Arab and Gulf banks in particular to the debts of developing countries? Is there a common confrontation with them on the part of the Arabs?

Muhammad Aba al-Khayl: When it is said "loans of developing countries," that for the most part means the loans of Latin countries. There are more than 15 countries, most of them Latin American, which are considered among the biggest debtors in the world. Some Arab banks have given loans to these countries and now are facing difficulty in collecting them. These include some Gulf banks. However, the Saudi banks are not involved in these loans, since they have had only very limited activity in Latin America. Therefore, we do not consider these loans a Saudi problem. As regards the other developing countries, the Arab banks are facing difficulties with some of them and they are dealt with through the frameworks which have at the present time been drawn up between the international banks in general and the debtor countries. There are groups of creditor banks

which negotiate collectively with the debtor countries and generally a joint committee is formed from the two sides which takes charge of finding solutions for these loans.

It is necessary to point out that the Arab region and the Gulf region in general have development relations with a number of developing countries in Africa and Asia, and their loans to these countries are not commercial ones and did not come about as the result of commercial transactions; rather, they were offered, basically, to finance development projects and usually are long-term loans at very low cost, there are no problems or difficulties with respect to them and the relationship between the Gulf financial organizations which offer this form of development loan and the debtor countries in Africa and Asia are good, since the nature of these loans, as I mentioned above, is different from that of commercial loans.

AL-HAWADITH: We know that your excellency is in the forefront of the ministers responsible for affairs of finance, indeed, is one who has a following in this area, and we know that you are one of those who urge giving the private sector a greater role in the development process in the kingdom and support the shift of the major role in domestic development from the public to the private sector.

What successes have been realized in this framework? How do you reconcile the continuation of some forms of government subsidy, related to consumption or production, with the principle of free commercial competition which the kingdom has embraced?

Muhammad Aba al-Khayl: The policy of subsidizing the private sector is an old Saudi one and the economic system in the kingdom has been in existence since the beginning, on the principles of the free economic system. In past years, the government played the main economic role because it was in the process of building the basic facilities, establishing the infrastructure and expanding basic industries, such as the refining and petrochemical industries. At the same time, the private sector was growing through its interaction with the government and through the incentives the government offers. The situation you are referring to is a basic, major one in the kingdom and the kingdom's economy is based on it. In recent years, the private sector has experienced very tremendous expansion and its expansion is still going on. There also is a phenomenon which it is necessary to point to, that of an improvement in the connection between specialized government agencies and the private sector. The kingdom has given its attention to this subject and has developed frameworks for establishing such coordination between the public and private sectors through annual meetings, committee meetings, discussions and seminars, studies which the government prepares and discusses with the chamber of commerce councils, and so forth. The fact is, without any boasting,

the kingdom in this area specifically has realized broad steps whose likes in the developing countries with circumstances similar to those of the kingdom are few.

I do not imagine that there is cause to introduce any modifications into this policy. As to what you pointed out, that there is a contradiction between the incentives the government offers and the principle of free competition, I do not imagine that that is correct, because the contradiction arises when the government is deficient in support in a specific area or specific production to specific companies or specific bodies. That is not the case in the kingdom. Any person or organization who establishes the feasibility of a project he wants to set up will receive the grant of a license by the Ministry of Industry then will hand the project over to the industrial fund, where he will receive a loan, and there is no setting of quotas in this context. That is, the market regulates itself by itself and the government does not intervene by suggesting specific investment projects to one body or another. The first and last choice in this context belongs to the businessman himself, who takes his decision in the light of the factors of the market—the rate of competition, the amount of profitability.

Here I would like to point out that coordination exists among the Cooperation Council countries in regard to the unification of incentives and forms of encouragement.

AL-HAWADITH: On the subject of the Cooperation Council, how far has the plan for Gulf integration in the financial and monetary areas gone? What about the stipulation of a unified Gulf currency?

Muhammad Aba al-Khayl: A unified Gulf currency is not the subject of discussion at the present time. It is a goal that has been mentioned in the council countries' economic agreement, but it is long-term. As to the coordination of monetary policies, some steps have been achieved. The governors of the central banks meet periodically. The latest summit conference in Riyadh referred to this subject in its concluding declaration in its call for the stabilization of equivalency prices of Gulf currencies through a common determinant. A few weeks ago the governors of the Gulf central banks met in Muscat and discussed this subject at length. As to the step which will be realized soon, God willing, that is the creation of a common determinant which will stabilize the equivalency prices of Gulf currencies and this will encourage the establishment of joint companies and expansion in investment.

AL-HAWADITH: The most recent commercial agreement between the Gulf Cooperation Council and the European Common Market was a step in the right direction but it was not up to the expectations of the Cooperation Council countries. What is your opinion on what was realized and what is desirable in future?

Muhammad Aba al-Khayl: What was agreed to was not a commercial agreement but just a general framework for cooperation between the group of Cooperation Council countries and the European groups, and expresses the two groups' desire for cooperation in numerous areas, the holding of common meetings, the formation of a joint committee, and of course the desire to reach a commercial agreement immediately upon official approval of the framework agreement by the two groups. At that point negotiations will take place to make a final commercial agreement between the two sides, and we hope that that will take place in the course of the current year. We hope that mutual cooperation will then occur in the areas of technology transfer and so forth. That is what is meant by the use of the expression "framework agreement."

AL-HAWADITH: SAMA formed a special committee to settle the banks' problems with people dealing with them and the committee succeeded in settling a number of problems. Is it possible to consider the formation of the committee a first step toward the issuance of general legislation for the banking sector in the kingdom?

Muhammad Aba al-Khayl: We have already talked about this subject in part. General legislation for banks exists in the Kingdom; this is called the bank oversight statute. As to the committee, it has a specific task, which is to settle cases that exist between the banks and clients, and it will continue with this job.

AL-HAWADITH: Are you making plans for the development of the current capital market so that it will be an official stock market for the kingdom?

Muhammad Aba al-Khayl: The kingdom does not have the intention of establishing a stock market along the lines of the conception of such markets in other countries.

AL-HAWADITH: The concern of the servant of the two holy shrines, King Fahd, for young people and his attention to their causes is well known. What about attention to young people and education in the Saudi budget?

Muhammad Aba al-Khayl: The attention of the servant of the two holy shrines, King Fahd, to education and the development of the Saudi citizen is not new, and it is ongoing. Since the kingdom began approving 5-year development plans, and we are today in the fourth plan, King Fahd has personally been supervising the development of the human element in the kingdom and setting out and monitoring plans bearing on these goals through the establishment of schools and the issuance of directives to respond to the requirements of the provinces, which differ from one pattern to another. At the present time, there is a group of faculties, intermediate faculties and technical institutes in the kingdom of which we are proud, and they are experiencing a great reception on the part of the young people. It is natural that the process of

education and training should take a long time; it is not possible to transcend the factor of time. You can build a building in a few months, but you cannot graduate an engineer easily. What has been realized so far is not little, and if you are given the opportunity of visiting some major institutions such as the Sabic company or Aramco, for instance, you will find that Saudi citizens make up the great majority of these institutions' administrative apparatus. A few days ago the news of the reorganization of the Aramco company's administrative apparatus was declared, and from that it was apparent that the Saudis have come to constitute 70 percent of the people working in it. These young people all came from the schools and institutes which the servant of the two shrines, King Fahd, has been and still is interested in. The fact is that had it not been for this long-standing interest and this followup, Sabic would not have been able to increase the number of Saudis in its administrative apparatus and Aramco or the government administration would not have been able to receive the desired number of educated Saudis. The effort is continuing.

AL-HAWADITH: Do you consider that the state of recession is continuing? Is it possible to consider this year better than the last one in this respect?

Muhammad Aba al-Khayl: Not at all. The fact is that 1987 was better than 1986, and the Saudi economy realized positive growth last year compared with 1986. This year we expect that economic growth will be better and you will be able to say that the Saudi economy started to turn for the better in 1987.

AL-HAWADITH: Do you consider the factors of recession to be external or regional?

Muhammad Aba al-Khayl: Economic conditions differ as countries differ. Industrial countries realized a substantial rate of growth, although some European countries did not realize the growth rate they were aiming at. The developing countries faced problems caused by the drop in the prices of raw materials which constitute these countries' main exports. Today, the prices of some raw materials have started to rise, and this will help the developing countries improve their conditions.

AL-HAWADITH: What, your excellency the minister, about the rise in the price of the pound sterling and the drop in the Lebanese pound?

Muhammad Aba al-Khayl: The improvement in the rate of the pound sterling in fact reflects the success the British government's economic policy has realized at the present time, the expansion which has occurred in British industrial output and the rise in North Sea oil production, and, as we hear, the British government sees no objection to a rise in the price of the pound sterling as a means for reducing inflation. It appears that the subject of the sterling rate is a hot one in Britain and the object of debate.

As to the Lebanese pound, the reasons for its drop are political, not economic.

AL-HAWADITH: What is your excellency's view about the international wave of inflation?

Muhammad Aba al-Khayl: Inflation exists in the developing countries only. As to the industrial countries, the rates of inflation there are still low. As far as the Kingdom of Saudi Arabia goes, the inflation rate is negative, in the sense that prices still are dropping.

With respect to the developing countries, some of them are suffering from tremendous rates of inflation and [in] most of the developing countries which had previously agreed with the International Monetary Fund on programs of structural correction in their economies, the drop in inflation was one of the important objectives of these programs. The effort some developing countries are making to contain and reduce inflation is an ongoing one, but realizing it requires some time and government measures that are sometimes harsh.

AL-HAWADITH: Some entities say that construction policy has been halted in the kingdom and the kingdom has stopped being a workshop and beehive of production. What is your answer to that?

Muhammad Aba al-Khayl: The fact is that the establishment of the basic structure in the kingdom has occurred. The roads have been built, the electricity systems laid, the ports built and the telephone systems set out.

AL-HAWADITH: Is the Saudi government continuing to subsidize some foodstuffs?

Muhammad Aba al-Khayl: This approach in the kingdom's policy is continuing.

AL-HAWADITH: We observe a drop in the cost of construction in the kingdom, bearing in mind that the cost of primary construction materials is witnessing an insane increase. How is this happening?

Muhammad Aba al-Khayl: The prices of construction materials in the kingdom actually have declined and these prices are still in a stable state. That is one of the reasons for the drop in construction costs, in addition to the increase in competition and the presence of a large number of contractors in the kingdom. Moreover, the completion of most government projects has given a number of contractors scope to occupy themselves full time with private sector activities and the result has been the drop in the prices of construction costs in the kingdom, which has encouraged the expansion of the private sector in real estate investment activities. The development resurgence you are seeing in the kingdom is the direct result of the drop in the prices of building materials and the drop in prices of contracting work.

AL-HAWADITH: How do you reconcile your encouragement of local industry with your imposition of 12 percent taxes on primary materials, while they had been exempted from taxes?

Muhammad Aba al-Khayl: The primary materials imported by local factories, which are not manufactured in the Kingdom of Saudi Arabia, are exempted from customs duties. Every year every factory submits applications for the raw materials it needs and they are studied by a special committee and what must be exempted from customs duties is determined. Therefore, exemptions still exist as far as materials which are not produced in the kingdom go.

AL-HAWADITH: We observe housing communities whose costs have amounted to big figures and they have not been put to use. Why? What is your plan in their regard?

Muhammad Aba al-Khayl: I believe that an exaggeration exists in what is being said about the existence of a surplus in residential buildings. It is true that there was great receptivity to real estate investment, which is obvious, because many citizens are better at this way of investing their savings than at any other way; therefore, they turned toward construction. This is a general phenomenon in the Arab countries and is not restricted just to the Kingdom of Saudi Arabia.

At the present time, this pattern of investment is still being followed, but to a lesser degree than before, and the incentive for it is the drop you mentioned before in construction materials and the cost of contracting work. We must not forget that there is an ongoing process of shifting from old buildings which are no longer fit for habitation to new buildings, especially with the drop in the level of rents of new dwellings. Moreover, the kingdom's population is constantly increasing and residential habits have started to differ from the past. There no longer are families living in a single center, children who get married have started to move to other dwellings, and so forth. We are proud that the kingdom has the greatest percentage of property owners in the world and that housing facilities are available at low rents. You know that this is one of the elements of the cost of business and when the cost of rents is low, the cost of business also is low and consequently the expansion of business takes place in a proper fashion.

AL-HAWADITH: A final question: What is your excellency's view on King Fahd the commander, who is concerned with Saudi and Arab development?

Muhammad Aba al-Khayl: I do not believe that I am being biased when I say that King Fahd is the commander of the Arab group with the greatest everyday attention to development, inside the kingdom or in cooperation with developing countries in support of their development plans. King Fahd is distinguished by long experience which began years ago, especially since

he gradually rose in government positions for a period of years and thus his expertise in what is going on in the kingdom and his knowledge of needs and his knowledge of persons are broad, have been formed over long years and have consequently enabled him to follow up on things and take wise, correct decisions at the right time. We hope God will give him health and vigor so that he may continue his role. 11887

SUDAN

Darfur Governor Discusses Outlaws, Transport, Refugees

45000083 Khartoum AL-SIYASAH in Arabic
27 Apr 88 p 1

[Report by 'Awad 'Umar]

[Text] Dr 'Abd-al-Nabi Ahmad, governor of Darfur Province, has disclosed to AL-SIYASAH that a fixed plan will begin to be carried out in the next two days to exterminate all of the robbers' dens, especially in all of the principal cities of Darfur. He said that most of the gangs burst out of the cities to carry out their criminal plans to spread terror and commit robbery, after secure peace and stability had spread in wide areas of the province.

His excellency explained that he had finished preparing comprehensive programs to spread security in accordance with plans based on the recent conferences on the strategic deployment of the armed forces and support for the strengthening of security by complementing the local administrations and backing up the citizenry.

On another front, Dr 'Abd-al-Nabi disclosed in his statement that Darfur Province is now facing severe bottlenecks in transporting supplies, especially sugar and fuel—fuel for energy, which has been instrumental in closing down electrical power stations. 'Abd-al-Nabi blamed the railroad administration for the failure of supplies of petroleum and food to arrive. His excellency described the railroad administration as having failed in its transportation operations for the last 2 months. He pointed out that private means of transportation had become hard to find and were concerned with transporting relief supplies to other provinces in view of the enticements which they find in the hauling charges. The governor affirmed that he hopes through his continuing contacts with officials in Khartoum to achieve solutions to the problems of transporting petroleum and food supplies.

'Abd-al-Nabi disclosed that Darfur Province faces, at the same time, waves of emigrants whose rate of influx had reached an average of 450 per day. He indicated that this influx had begun 3 months ago. He added that a number of camps had been established in al-Da'in, 'Adilah, Nyala, and Kas, and that the emigrants had arrived at the camps in extremely poor health.

The Darfur governor criticized slow movement by the relief commission and the Bahr al-Ghazal offices. He indicated that he had discussed the necessity of speeding up procedures to get sufficient relief supplies for the emigrants with the officials, since the provincial government had done all that it could with its resources to meet the needs of the emigrants.

Rebels Call for Recruits, Devastate Bahr al-Ghazal

45000082 Khartoum AL-USBU' in Arabic 25 Apr 88 p 1

[Report by Zakariya Miyad]

[Text] High level security sources have affirmed to AL-USBU' that Major General (Retired) Joseph Kowal and Gordon Koang, former commander of Anyanya 2, who had announced recently announced that he had joined the Garang movement, had called secretly through their offices in Nairobi, Kampala and Addis Ababa for southerners living in the capital to join the rebel movement by air from Khartoum to these countries.

The sources confirmed that a group of fifth columnists in the last week had joined one of the movement's camps by way of Nairobi. They indicated that this group is under the command of a person called (Mashudit), who had lived in the city of (Jabrah). The sources added that the security authorities would contact our embassies in these nations with the object of taking legal steps against these people.

On another front, those coming from Bahr al-Ghazal Province have affirmed that security conditions have worsened severely, indicating that the Garang forces are mounting uninterrupted attacks on the cities and towns of the province and are stealing the cattle and food. They added that the crop storehouses have become completely empty of food stocks. Many of the people have left the province on their way to al-Da'in, Kordofan and Darfur. The central government has implored them to choose a governor for the province to take over the situation before it explodes.

SYRIA

Iraqi Newspaper Describes Torture Methods Used in Prisons

44040215 Baghdad AL-THAWRAH in Arabic
8 Apr 88 p 2

[Text] Paris—7 Apr—INA—Syrian and Palestinian citizens visiting Paris from Damascus divulged the repressive methods used by Hafiz al-Asad's regime against his political opponents.

The citizens, who asked that their names be kept secret out of concern for their families, told stories about the methods and stages of torture which prisoners in the Tudmur military prison go through. This jail is famous

for the 1980 massacre when about one thousand prisoners were eliminated in one night and were buried in a mass grave; some of them were still alive.

A Syrian citizen who described these methods said that the prisoners are exposed to torture during the investigation stage and other stages of detention.

The citizen specifically mentioned his suffering along with other prisoners as the agencies of the regime were leading them to a jail. He said that immediately after they were arrested, they suffered all sorts of bad treatment such as being kicked and punched, and being forced to stand naked for several hours, subjected to threats and intimidation and the dirty talk used by the prison guards and officials.

He also mentioned that he heard from other prisoners who he met in jail that the prisoners in the military investigation branch were subjected to flogging and beating for long periods. Some prisoners were put in solitary confinement for several days in dark and humid cellars to affect their morale during investigation.

A Palestinian prisoner who was arrested at the end of 1985 said that after he was arrested at the Damascus airport, he was transported to a prison camp. There, he was led to the basement of the camp, which was divided into three parts. One part was designated for investigation. He said that he saw other prisoners there, but there were no sleeping quarters in that overcrowded prison cell, where they had to squat on the cold floor.

One of the Syrian citizens, who was arrested by the agencies of the regime over a year ago, described the torturing of prisoners upon their arrival at the prison in what was called a "reception party". He said that the nature of this torture differs from one prison to another, ranging from kicking with feet and beating with clubs and plastic rods to other, crueler methods.

He said that the harshest "reception party" was the one that took place in the Tudmur military prison, which resulted in the death of some prisoners.

Another citizen from the city of Hims talked about the tragedy which befell him and another group of prisoners. He said that as their bus arrived at the prison, the police and security agencies received them. One group held them and the other whipped them very harshly and viciously.

He added that the torture went on until each prisoner had received about 200 lashes on their naked bodies. Then they were taken to one of the prison cells.

After being assured that his name and address in Syria would be kept secret, another Syrian citizen who seemed absent-minded, shocked, and confused and showed signs of having been tortured, said that after they arrived at

the prison the guards attacked them savagely and harshly, and then blindfolded them and had a noisy and dreadful torture "party" for them which went on for several hours.

The Syrian and Palestinian citizens agreed that the torture methods used by the agencies of Hafiz al-Asad's regime had only been used by murderers before, which shows how bloody and intimidating the regime is.

9455

Government Revamps Economic Policies To Emphasize Agriculture

44040152c Doha AL-ARAB in Arabic 12 Mar 88 p 6

[Article: "Syrian Measures To Improve the Economic Situation"]

[Text] The Syrian government is continuing to take appropriate steps to improve the economic situation in the country and to get it out of its current crisis. In this respect, it did not hesitate to review certain laws which had been enacted in past years, that within the framework of constant evaluation of economic laws and policies, and to make needed changes and advances to serve the aim of economic reform.

In a report that he prepared on the economic conditions in Syria, the Qatar News Agency correspondent in Damascus predicts that the review process will be extended to the sectors essential to the national economy since it became clear to the government that after 25 years the time had come to make important adjustments in the course of the public industrial sector in Syria. He points out that the outcome of this review revealed that the Syrian government had invested billions of pounds in the industrial field, but the returns were not up to the level of those expenditures, which is now forcing the government to review industrial investments and give priority to agricultural investment with its two parts, animal and plant.

The report says that the Syrian government had in fact recently laid out a general strategy for agricultural development up to the year 2000. This strategy aims at increasing the area of irrigated lands through the ideal utilization of water resources and by working to assemble agricultural holdings into large production units that can increase agricultural productivity as well as achieve integration between crop and animal production on the one hand, and between agriculture and industry on the other.

The plan noted that in 1987 the number of farmers cooperative societies had reached 4363, with 528,090 farmers, and that the cooperative sector exploits an area of land of up to 1,701,535 hectares, of which 309,482 hectares are irrigated.

The agricultural cooperative societies were classified as multi-purpose, of which there were 3433, and single-purpose, of which there were 920, that in addition to production associations, of which there were 11 in 1987.

In order to benefit more from agricultural lands, plans to intensify cultivation on irrigated lands and in the settlement regions have received attention in recent years. The growth rate of irrigated lands rose from 12.5 percent in 1979 to 120.5 percent in 1983, while the growth rate of rain-fed lands rose from 62.8 percent in 1979 to 70 percent in 1983. In the first settled region, which has the highest production yield of all the settled regions, the rate was 93.6 percent, while it was 60.3 percent in the second settled region, and 60.5 in the third and fourth settled regions.

The government is concentrating on the region of the Euphrates dam itself, because in the Syrian government's view the Euphrates basin represents the greatest reserve for agricultural development. The area that the dam can irrigate is 640,000 hectares, and it is capable of generating 2.5 billion kilowatts of electricity a year, or a capacity of 800 megawatts.

The government plan calls for the construction of a new storage dam on the Euphrates to avert floods, regulate irrigation, stop the advance of salinity and also to increase the yield of animal and crop production.

The report mentioned that in the area of fruit trees, some but not rapid progress had occurred. In 1987, production recorded an increase of 64 percent compared to previous years, but that will continue to be tied to the extent to which progress is made in the area of setting up irrigation projects, because depending on the rains does not bring about the achievement of desired goals.

Animal production has not been more than 30 percent of the value of agricultural production, which is forcing the government to import food products from abroad at a cost of millions of dollars annually. Silos have been built in which to store the fodder needed for sheep throughout the year, and year round storage for concentrated feed has been provided.

The report remarks that there appears to be a great gap between government investments in the industrial field and those in the agricultural field, and that this gap is what is creating a new economic policy in Syria which is trying to use the principle of maximizing agricultural investment and establishing conversion industries that depend on both crop and animal production.

The correspondent in his report predicts that this policy will not show results before the next 5 years, and he adds that until the fruits of these reforms are realized in the long term, the government will use every means in the short term to control the significant increase in the prices of goods and foodstuffs. That increase reflects the significant rise in the rate of inflation, which last year reached

more than 120 percent, causing a sharp drop in the value of the Syrian pound of more than 40 percent last year, compared to its purchasing power, which recorded an obvious decline.

12547

TUNISIA

Saudi Arabia Embarks on Maritime Hiring Mission

45190049b Tunis *LA PRESSE DE TUNISIE* in French
23 Mar 88 p 3

[Text] Saudi Arabia is about to embark upon major hiring in the maritime field and a Saudi mission is expected to arrive in Tunis any day now to interview candidates for posts in various areas of maritime specialization: electrical, mechanical and telecommunications engineers, commanding officers, captains and lieutenants.

11464/9604

Ben Ali Reconciles Labor Union Leaders

45190049a Paris *LE MONDE* in French 7 Apr 88 p 5

[Article by Michel Deure]

[Text] The situation in Tunisian labor unions is now returning to normal after a crisis that has lasted for nearly 3 years and divided the working class.

Following continuous bargaining that has moved forward in recent months, under the direction (and pressure) of the government, a seemingly decisive step has now been taken: On Tuesday, 5 April, in Carthage, Ben Ali brought together and reconciled the two "enemy brothers": Habib Achour and Abdelaziz Bouraoui, who had been fighting for control of the Tunisian General Federation of Labor (UGTT). Judging by the images broadcast on television, images of smiles and warm embraces, the chief of state unquestionably achieved his goal. Even better, Achour and Bouraoui agreed to give up "all trade union responsibilities in order to enable all trade unionists to reunify their ranks" and prepare for a special congress.

As far as one can determine, a "national commission of reconciliation" will plan the meeting. The commission would reportedly include equal numbers of representatives of both sides and a group of neutral former labor leaders who have long since been out of office.

The antagonism between the two leaders has a long history and was further accentuated when the preceding government continuously tried, during the winter of 1985 and the spring of 1986, to break up the legally elected leadership of the UGTT and replace it with a new Executive Bureau totally loyal to it. Achour was then arrested, tried and sentenced on unconvincing grounds.

(When he took office in November, Ben Ali lifted the house arrest to which Habib Achour had been sentenced since he emerged from prison in May 1987.) A year later, at a congress held under highly suspicious conditions, the labor confederation elected a new leadership willing to fall into line and led by Bouraoui, who at the same time became a member of the Political Bureau of the former Destourian Socialist Party. Nevertheless, this settled nothing and most of the workers remained loyal to Achour and his deputies and rejected the new structures.

The projected reunification of the labor confederation is presented by *LA PRESSE DE TUNISIE* as "a historic event" perfectly in line with "the national reconciliation, conceived as the cornerstone of Tunisia's approach to new times." As the country faces various economic and social difficulties, it should also appease the tensions and concerns of the workers, who will unquestionably be better represented and defended in the future.

11464/9604

Economic Recovery Noted in all Sectors
45190049c Tunis *LA PRESSE DE TUNISIE* in French
3 Apr 88 p 3

[Text] The revival of economic activity that began in 1987 is continuing at a sustained rate during the first quarter of 1988 despite an agricultural season hard hit by drought. Various indicators confirm the trend, with a substantial improvement in the rate of cover of the trade balance, a rapid increase in exports and a very favorable evolution in the tourist sector.

Regarding family consumer prices, the increase averaged 7.2 percent a month.

Despite the slippage of the dinar and measures taken to free prices in competing sectors, there has been a certain lull. Moreover, if one takes the depreciation of the dinar into account, the price increase is moderate. After a particularly favorable 1987 with respect to production and the commercial food balance, the current agricultural season has been hard hit by the drought.

However, the food shortage dwindled substantially in 1987, going from 86.9 million dinars to 21 million. This favorable trend is due, it is said, to the remarkable growth in exports and the drop in imports.

In addition, the industrial sector experienced a boost in 1987, mainly noted in increased production in the areas of agriculture and food, textile and shoes.

The increased production in most of the agricultural sector, mainly grain, olives, vegetables and sugarbeets, enabled the food and agricultural industries to continue their growth.

Tourism: 550 Million in Revenue

The most tangible progress was recorded by production of olive oil, tomato paste and beet sugar. In 1987, building materials industries registered an increase in added value. This recovery is mainly explained by the increase in cement production, which was stimulated by the rising export trend. Encouraged by this favorable movement in exports, production in the textile and shoe industries continues to grow. All types of production of the sector, particularly fabric, ready-to-wear and hats, have grown considerably. In contrast, mechanical and electric industries have remained somewhat stagnant.

In another area, the tourist sector demonstrated exceptional performance in 1987, thanks to the competitiveness of the local product, which offers a very good quality-price ratio.

With 1.9 million, the number of entries of nonresidents in 1987 rose 24.8 percent. This rapid growth essentially concerned Europeans, with over 1.5 million tourists.

The flow of European tourists was accompanied by a large increase in the number of nights spent by nonresidents, which totaled a record 17.5 million, an increase of 39 percent.

Exports: Remarkable Increase

The improvement in tourist activity is illustrated by the remarkable increase in foreign exchange receipts generated by the sector, totaling 555 million dinars. On another level, 1987 also recorded a remarkable increase in exports.

Goods exports totaled 1,770.7 million dinars in 1987 (up 27.6 percent). The result: the trade deficit dropped from 920.7 million dinars in 1986 to 738.4 million in 1987 and the rate of import cover demonstrated a net improvement at about 70.6 percent. The most remarkable progress was recorded by exports of food and energy products, textile articles and phosphate derivatives.

The improvement in the level of agricultural production had a favorable effect on the country's supply, which also resulted in a reduction in imports of food products. The latter dropped by 5.9 percent and totaled 240.9 million dinars, whence the reduction in the food balance deficit, which was confined to 20.6 million dinars.

All these favorable factors led to a general surplus in the balance of payments.

That surplus amounted to 96.5 million dinars, compared with a deficit of 153 million in 1986.

Totaling 3,192 million dinars, regular receipts were up 28.8 percent given the great increase in goods exports, tourist receipts and savings from wages repatriated by Tunisian workers abroad.

11464/9604

New Economic Regions Announced
45190049d Tunis *LA PRESSE ECONOMIE* in French
17 Mar 88 p 1

[Text] A new regional configuration has just been drawn up following a thorough study which took similarities between certain regions into account. An economic region will constitute a framework for reflection, study and planning. It has therefore been decided to divide the country into six economic regions: 1) the northeastern region, including the following five governorates: Tunis, Ariana, Ben Arous, Nabeul and Bizerte; 2) the northwestern region, made up of five governorates: Beja, Jendouba, Siliana, Le Kef and Zaghouan; 3) the Sahel and central region, made up of four governorates: Sousse, Mahdia, Monastir and Kairouan; 4) the east-central region, including two governorates: Sfax and Sidi Bouzid; 5) the west-central region, made up of three governorates: Kasserine, Gafsa and Tozeur; and 6) the southern region, including four governorates: Gabes, Medenine, Tataouine and Kebili.

11464/9604

UNITED ARAB EMIRATES

Officials Discuss Trade Relations With China
44040198b Dubayy *AL-BAYAN* in Arabic 4 Apr 88 p 2

[Text] Abu Dhabi—The Chamber of Trade and Industry of Abu Dhabi emphasized the importance of developing close relations based on mutual understanding between the UAE and China, supporting these relations with equal trade relations in order to correct the trade imbalance between the two countries, and increasing exchanges between the two countries.

The second deputy chairman of the administrative council of the Abu Dhabi Chamber of Commerce, Shabib al-Zahiri, stated the following in remarks which he made during a meeting held yesterday between officials of the chamber and members of the Chinese investment delegation currently visiting the country, headed by Qi Zuchan the chairman of the Chinese Council for International Trade Development in the Fujian region:

"Trade relations between the two countries are excellent. The markets of the UAE are filled with different Chinese goods whose reasonable prices attract consumers. Also, traditional Chinese goods reflecting ancient Chinese art are unrivaled and are attracting consumers with refined tastes. We hope that we can improve trade relations."

Al-Zahiri added that available statistics indicate that the total amount of the UAE's imports from China has tended to decline: In 1981, 1982, 1983, and 1984, the UAE imported 21.6 million dirhams, 21.3 million dirhams, 13.4 million dirhams and 6.8 million dirhams worth of goods from China respectively. He stated that

these figures necessitate an examination of the reasons for this decrease, and necessitate joint action to remove the impediments to the free flow of trade between the two countries. Al-Zahiri indicated that trade transactions are one-sided because the UAE imports from China, but does not export products to China, thereby causing the trade balance to always tend to favor China. He expressed hope that China would be able to import UAE products, the most important of which are petroleum derivatives, fertilizer, and aluminum.

Al-Zahiri stated that the exchange of visits made by trade delegations of the two countries, and the exchange of opinions on opportunities for economic cooperation, offer an opportunity to correct the trade imbalance between the two countries. He emphasized that the UAE and China are linked by close bonds based on mutual understanding which must be supported by equal trade relations.

Al-Zahiri expressed his belief that the establishment of an exhibition featuring the products of the two countries will help to raise the reciprocal volume of trade between the two parties. He also welcomed China's participation in the Abu Dhabi international exhibition, which will be held next year in order to provide importers with an opportunity to become familiar with new products produced by China following its entrance into the electronics and advanced industrial products industry. He emphasized the importance of providing the same opportunity to the UAE in order to conduct mutual rather than one-sided trade.

The chairman of the Chinese delegation stated that the delegation's visit to the UAE aims to familiarize businessmen with investment opportunities and areas in China in general, and in the Fujian and Sichuan regions in particular. Another purpose of these visits is to examine methods for joint cooperation in investment areas in both the UAE and China.

Qi Zuchan expressed the readiness of his country to establish joint programs centered in the UAE, especially in the agriculture and livestock production sector.

He concluded by stating that the Chinese Council for Foreign Trade Development will hold an economic and Chinese trade investment seminar in Abu Dhabi during the current year.

The Chinese investment delegation is exhibiting samples of Chinese products at the Abu Dhabi (Nihal) hotel. The three day exhibit began this evening.

13286

Increased Trade Cooperation With Argentina
44040198b Dubayy AL-BAYAN in Arabic 4 Apr 88 p 2

[Article by 'Imad Ghanim]

[Text] The chairman of the Argentine trade delegation which is currently visiting the country invited the chairman of the Dubayy Chamber of Commerce and Industry to visit Argentina at the head of a delegation of Dubayy businessmen.

Doctor Eduardo Angelos, governor of the Argentine state of Cordova, announced his country's decision to establish a trade representation office in the UAE. He also announced that he would advise his government to establish a trade center in Dubayy in view of the fact that Dubayy is one of the most important trade centers in the region.

This occurred during discussions which were held yesterday at the Dubayy Chamber of Commerce and Industry with the Argentine trade delegation. Local interests were represented in the discussions by Sa'id al-Kandi, the second deputy chairman of the Dubayy Chamber of Commerce. The discussions were attended by about 130 Argentine businessmen who are currently visiting the country.

In his remarks to those present at the discussions, Sa'id al-Kandi noted the weak volume of trade between the two countries, and stated that it was inconsistent with the trade possibilities available to the two countries. He called on businessmen of both countries to work toward developing bilateral trade and economic relations.

He also explained the investment possibilities available in the Jabal 'Ali free-trade zone, and announced that the free-trade zone was able to attract 170 foreign companies to invest in it during the past four years.

Al-Kandi stated that Dubayy's annual exports total five billion dollars, and that Dubayy re-exports 75 percent of these imports to the countries of the region and the world.

He called on the Argentine businessmen to familiarize themselves with the local market and study it closely in order to establish the presence of Argentine manufacturers in Dubayy's markets, which contain different products from all over the world.

In his remarks, the Governor of Cordova praised the cultural development and progress which embrace all fields in Dubayy and the different emirates. He stated that this was not expected by the visiting delegation when it made plans to undertake its trip to Dubayy.

He added that his country is interested in developing and supporting trade relations with the UAE. He stated that the great size of the delegation accompanying him is an expression of this interest.

He stated that there are numerous fields in which the two countries can support each other in terms of trade, especially with regard to supplying food and manufactured goods to the UAE.

The visiting delegation includes a large number of businessmen and representatives of companies involved in the food, chemical, electrical equipment, metals and engineering products industries.

The volume of trade between Argentina and Dubayy recorded its greatest average in 1984 when it totalled 13.9 million dirhams. At the same time, in the first six months of last year, it declined greatly, totalling only 484.7 thousand dirhams; in 1986 it totalled 189.5 thousand dirhams.

Food is the primary Argentine export to Dubayy, followed by chemicals, manufactured goods and transportation equipment.

13286

Bank of Abu Dhabi To Play Role in Trade Ventures With China

44040198a Dubayy AL-BAYAN in Arabic 4 Apr 88 p 2

[Text] Abu Dhabi—The Commercial Bank of Abu Dhabi was selected as an intermediary between interested parties in the UAE and Chinese institutions in order to promote joint programs between the two countries.

This occurred during a visit made yesterday by a Chinese trade delegation to the Commercial Bank of Abu Dhabi in the context of the delegation's visit to the UAE.

The joint programs pertain to trade and industry.

It was agreed that the Commercial Bank of Abu Dhabi will introduce individuals and national institutions to Chinese manufacturers and investors who are connected with, and have expertise in, the programs in which investment is desired. Close to 40 areas have been established for joint programs. Information on these programs can be obtained from the bank's headquarters in Abu Dhabi, or its branches in Dubayy and al-'Ayn.

The meeting, which was held at the bank, was attended by Sultan al-Suwaidi, the executive chairman of the bank, and Haymanat Jadwani, the director of the banking group at the Commercial Bank of Abu Dhabi.

13286

Official Discusses Rapid Industrialization
44040199a Dubayy AL-BAYAN in Arabic 4 Apr 88 p 3

[Interview with Ahmad 'Abdallah, the Industrial Director of the Abu Dhabi Planning Agency: "Bolstering the National Industry is the Basis for Stimulating the UAE's Economy;" by Ahmad Muhsin, date and place not given]

[Text] In the space of a few years, the UAE's economy has witnessed rapid developments. Perhaps the most salient of these developments is the spread of world economic stagnation, which has occurred concurrently with the decline in oil prices, and with the resulting reduction in governmental spending rate.

The effects of stagnation constitute a primary concern for elements in the local economy at a time when adequate methods are being sought to overcome these effects, and stimulate economic performance following the limited recovery during 1987.

This concern is evident in measures designed to stimulate the local market, either through government support of national industries, or the initiation of many new projects.

The following interview with a local planning official was conducted in an attempt to complete the series of opinions and recommendations which have aimed at eliminating economic stagnation.

Engineer Ahmad 'Abdallah, the director of industry at the Abu Dhabi Planning Agency, states that governmental activity, be it in the form of new projects, or the maintenance and operation of existing institutions, is the most effective means of stimulating the local market and the private sector.

He believes that the creation of an active market for the private sector requires that a number of measures be taken by the government, financial institutions, and the private sector itself.

He stated that new projects will require that contracts be awarded for the supply and assembly of equipment and systems. He believes that there are great possibilities regarding the exploitation of locally produced raw materials such as cement.

He emphasized the importance of using local raw materials, or locally produced products, such as national products produced in government projects, as opposed to importing alternate, raw materials.

He is of the opinion that the government must assume a greater role in formulating the specifications of material and equipment which are acquired in the implementation of government projects.

Contractor Companies

Regarding the measures required to encourage national contractor companies, Ahmad 'Abdallah stated that the government must call on national companies to implement governmental projects. If the project to be implemented is large, and requires advanced technology, the government is empowered to require national companies to conclude agreements with foreign companies for the provision of the expertise needed to implement such projects. As a matter of principle, the government should not solicit bids from foreign companies except by way of national companies in order to maintain the added value in the country, increase the expertise of national companies, and benefit as much as possible from foreign technology in the implementation of local projects.

Stimulation of Industry

The director of industry of the Abu Dhabi Planning Agency turned to the role of pertinent official agencies in stimulating the market. He noted that industry has a basic role in stimulating economic and social development in view of its production role, and its contributions to the stimulation of other sectors in the areas of transport, contracts, marketing and the supervision of local agencies. 'Abdallah emphasizes that there are excellent advantages to the establishment of a national industry in the UAE; industry is a good local investment opportunity, and it offers the most important elements of success, such as capital, markets, manpower, infrastructure, basic equipment and raw materials.

He believes that opportunities are good for developing modern industries due to the high degree of capital, cheap labor and the availability of raw materials.

He pointed out that the UAE is distinguished by its strategic location near developing Arab, Asian and African countries. This enables it to serve as a large market for local products.

With regard to labor intensive industries, it would be easy to import manpower from the same countries to which the UAE exports. Manpower from these countries is very inexpensive and much less expensive than comparable manpower in industrial states.

Raw materials required by the most basic industries, such as oil and gas, are available in abundance, and can be exploited to create numerous industries.

Ahmad 'Abdallah emphasized that national industry must be given priority regarding local investments; bolstering the national industry will in turn indirectly contribute to the stimulation of other sectors.

Oversight System

Some claim that national oversight of these industries is lacking. How does this affect national industry?

In response to this question, the director of industry of the Planning Agency stated that it is impossible to create an industrial generation without the existence of industries themselves. The government, therefore, must contribute to the building of national industries which will initially be production and training centers for indigenous, supervisory personnel. The national manpower planning committees must also focus on providing vocational and industrial training to the indigenous workforce by cooperating with the University of the UAE in addition to creating moral and material incentives in order to create the required industrial generation.

For example, in his opinion, the government should pursue the creation of a raw plastics refinement industry because plastic is an essential ingredient of plastic equipment industries. The latter industries could be created on the basis of private sector investments, provided that the raw plastic produced by the government is sold to the private sector at nominal prices. The role required of the government in this regard, would entail the establishment of a plastic granules factory which would produce granules from gas and oil available locally in large quantities.

Aluminum Industry

Another important way in which the government can stimulate the private sector is to establish finished aluminum industries which utilize raw materials produced by Dubayy's "Dubal" aluminum factory. The government could adopt this program by selling raw aluminum at special rates to the private sector. Such a program would lead to the creation of many, new national industries.

Share Companies

Ahmad 'Abdallah emphasized that national industry is still in its initial stages of development, and requires governmental supervision as well as material and moral support in order to rest on a firm base which is capable of competing with foreign industries.

He indicates that this method is followed in all industrial countries which are in the initial stages of creating a national industry.

He suggests that existing governmental industries could be transformed into share companies owned by the people of the country in order to generate commitment to national industry and the participation of citizens in the construction of the national industrial edifice.

Official agencies, including the Chamber of Commerce and Industry, must adopt the concept of combining small, similar and identical private sector industries into large companies which can progress developmentally and compete in local and foreign markets.

The Industrial Bank

Regarding the role of financial institutions, Ahmad 'Abdallah believes that the Industrial Bank of the UAE must assume a more effective role in the industrial development process, and in the financing of production operations in existing factories which have financial liquidity deficits. Such financing would be in the form of raw material, or working capital for the operation of factories at full capacity.

13286

Electric Energy Production Shows Steady Growth 44040199b Dubayy AL-BAYAN in Arabic 3 Apr 88 p 2

[By 'Ali Lashin]

[Text] Since oil first started flowing in the country, electricity production in the UAE has recorded steady growth. Between 1978 and 1985, electricity production grew at an average annual rate of 18.93 percent.

This increase occurred in response to requirements generated by an increase in population, an increase in the standard of living, and the establishment of numerous factories which depend on electricity in order to operate.

A study conducted by the UAE Industrial Bank states that total electrical energy production in the UAE is currently estimated to be 3850 megawatts. Of this amount, 86 percent is generated by private stations in several emirates, and 14 percent is generated by small plants subordinate to the Ministry of Electricity and Water. The ministry supplies electricity to the small emirates and several rural areas.

The largest electrical power generator in the emirates is located in Abu Dhabi. It produces 43 percent of the electrical energy in the country, followed by: Dubayy, which produces 25 percent; al-Shariqah, which produces 16 percent; and Ra's al- Khaymah, which produces 2 percent.

There are also 14 electricity generating plants subordinate to the Ministry of Electricity and Water. Their total energy output is 513.9 megawatts. The largest of them is the 101-megawatt plant at 'Ajman, followed by the 81.5-megawatt Masfut plant, the 80-megawatt new Qadfa' plant, the 67.2-megawatt Ghalilah plant, the 54.6-megawatt Umm al- Qaywayn plant, and the 50-megawatt al-Nakhil plant. The rest of the plants produce less than 50 megawatt. They include plants at Falj al-Mu'allla, al-Dhayd, al-Manamah, Masafi, Adhan, al-Fujayrah, Qadfa' al-Qadim and Diba.

In view of the lack of rivers in the UAE, electricity production depends entirely on power plants run by gas or fuel. The UAE has steam-driven plants, gas-driven plants and plants which operate on diesel fuel. Solar

power plants are not considered economical at present even though the climate of the country is suited to this type of electrical power plant.

The British Petroleum Company has negotiated with the Ras al-Khaymah emirate on the construction of a solar power station, which would be operated in emergency situations when the electrical current from conventional plants is interrupted.

The study indicated the existence of a new expansion plan to increase electrical energy in the country in the near future. The plan provides for the construction of the

400-megawatt al-Tawilah plant in Abu Dhabi, and the 250-megawatt Jabal 'Ali plant in Dubayy. It is reported that the country registered a clear surplus of electrical energy following the completion of work on these two plants.

There is an ambitious plan to link the GCC countries on a single electrical grid extending from Kuwait in the north to the Sultanate of Oman in the south. The project would cost millions of dollars.

13286

AFGHANISTAN

Hekmatyar on Soviet Troop Withdrawal, Mujahidin Future

46040010 Kuwait AL-MUJTAMA' in Arabic
5 Apr 88 pp 18-21

[Interview with Gulbuddin Hekmatyar, commander of Afghanistan's Islamic Party and one of the leaders of Afghanistan's Islamic Alliance of Freedom Fighters: "What Did Hekmatyar Say about Interim Government, Afghan Question? In Their Present Form Geneva Talks Would Lead to Pakistan's Official Recognition of Client Communist Regime; Russian, American Colonialism Differ on Dividing the World Between Them, but Agree on Fighting Islam;" in Afghanistan; date of interview not specified]

[Text] Activities in Afghanistan have been frantic recently. A UN representative traveled back and forth between Islamabad and Kabul. Then, Gorbachev announced that Soviet troops would be withdrawn from Afghanistan. India's minister of state for foreign affairs traveled to Rome where he held talks with Afghanistan's deposed king, Zaher Shah. AL-MUJTAMA's correspondent touched upon all these matters when he interviewed the great fighter Gulbuddin Hekmatyar, commander of Afghanistan's Islamic Party and one of the leaders of Afghanistan's Islamic Alliance of Freedom Fighters.

[Question] Would you please be kind enough to shed some light on Gorbachev's recent announcement regarding the withdrawal of Soviet troops from Afghanistan? We would also like to know what your reaction is to this announcement.

[Answer] We thank God for it; that's all. May God's peace and mercy be bestowed on those believers He has chosen. In my opinion Gorbachev's recent announcement that the withdrawal of Russian troops from Afghanistan would start in mid May, provided Pakistan and the client regime in Kabul sign the Geneva Accords, is a carefully thought out and planned diabolical Russian scheme to put Pakistan in a difficult position. Gorbachev's announcement was made in reaction to Pakistan's recent refusal to sign the Geneva Agreement with the client communist regime. Pakistan does not recognize that regime which has no legal status. When Pakistan announced that it would not sign an agreement with the client regime, and when, on the other hand, the Mujahidin affirmed that they would not be bound by the outcome of these accords, the Russians acted promptly. They pretended they were willing to withdraw provided the Geneva Agreement is signed. By doing that, they wanted to make two main points. These are:

First, should Pakistan sign the agreement with Najibullah's client government, legitimacy would be conferred on that government since signing the agreement would imply Pakistan's recognition of that government. And

that is one thing the Russians had failed to accomplish during the past 8 years by using force and applying military as well as political pressure.

Second, should Pakistan refuse to sign the agreement with the client regime in Kabul, the Russians would have something they could use against Pakistan. They would say that while they wanted peace and wanted to withdraw from Afghanistan, Pakistan was refusing to budge and impeding the peace process in Afghanistan. That would put Pakistan in a difficult political position. Another fact is this: during previous sessions of the Geneva talks the Russians had tacitly agreed to accept an interim government in Afghanistan to oversee the withdrawal process and replace Najibullah's government. However, that government had to be acceptable to all parties involved.

By making such promises the Russians wanted to sow the seeds of hope on the other side, in Pakistan. They wanted to keep the Pakistanis busy at the Geneva talks until these talks should run their course. Agreement was thus reached on three articles of the agreement. When it was time to talk about the fourth article, which had to do with the withdrawal of the Russian army from Afghanistan, the timetable for that withdrawal was discussed. After numerous attempts were made to narrow the differences between the two parties, the Pakistanis agreed to an 8-months schedule while the Russians said they would depart in 1 year or less. The difference between the two parties' positions on the timetable for the Soviets' withdrawal was thus narrowed. Pakistan was confident that the Russians would be willing to consider the formation of an interim government instead of Najibullah's, until agreement is reached to sign the agreement. However, the Russians' response in that regard was not positive. They refused to discuss the subject of setting up an interim government. Pakistan was notified so it could make an unequivocal announcement declaring that unless an interim government is set up in lieu of the client regime, the Geneva talks would fall short of what was required and would not lead to a real, acceptable solution to the problem. The question of an interim government had to be resolved before the accords were signed. Therefore, when the Russians felt that the Geneva talks in their present form had become unacceptable to Pakistan and to Afghanistan's freedom fighters, who had affirmed their rejection of those talks and asserted they would not be bound by them, they acted promptly. Gorbachev announced that he was willing to get the Red army out of Afghanistan in 1 year. He said the withdrawal would begin 2 months after Pakistan and Najibullah's regime sign the Geneva accords. The Russians thus appeared to the world to have accepted all of Pakistan's demands. Should there be any delay in signing the accords and should Soviet troops remain in Afghanistan, Pakistan, not Russia, would be held responsible. Pakistan would be held responsible for delaying the peace process in Afghanistan.

[Question] What is your attitude toward the Geneva talks which are being held to find a peaceful solution to the Afghanistan problem?

[Answer] We rejected these talks in their present form from the very beginning, and we announced that we would not be bound by them. The Geneva talks are taking place between two parties who are not really involved in the problem. That is why they will not lead to a lasting solution to Afghanistan's question; instead, these talks will complicate the problem further. Our objections to these talks are many, but they rest mainly on the following points:

First, the two principal parties, the Mujahidin, on one side, and the Russians, on the other, are not the ones who are involved in these talks in Geneva. Talks between these two parties could lead to a broad and lasting solution to the question. Pakistan has been affected by the problem because it was directly affected by the tyrannical Russian invasion of Afghanistan. More than 3.5 million Afghani refugees sought refuge in Pakistan, which is not a principal party in this affair. After all, Pakistan does not represent the Afghani people. Pakistan has nothing to do with starting or ending the war. The communist government in Kabul was set up by force, with Russian tanks and airplanes. If it were not for the support of Russian troops, that government would fall in a matter of hours. Najibullah is nothing more than a Russian soldier carrying out orders from his masters.

Second, the Russians are directly and indirectly involved in the Geneva talks. So far, not a single round of talks was started without having the UN's mediator, Cordovez, travel to Moscow. Furthermore, the Kabul regime's minister of foreign affairs always receives orders and instructions from Moscow before going to Geneva to participate in the talks. On his way back from Geneva to Kabul he briefs the Russians and tells them what happened in the course of the negotiations. It is the people of Afghanistan who have been fighting for their freedom who have not been represented by anyone at these talks.

Third, in their present form the Geneva talks would lead to Pakistan's official recognition of the client communist regime. After all, once the issues about which the talks are being held are settled, signing the agreements would be the normal thing to do for the two parties who were engaged in those direct talks.

The Mujahidin have other objections to the Geneva talks. We don't think they will solve the problem; they will rather make it more complicated. Therefore, if we want a lasting solution to the problem, measures must be taken to conduct direct talks between the freedom fighters and the Russians, the two principal parties in this matter. I think the outcome of those talks would be better than those of the Geneva talks.

[Question] Recently people have been traveling frequently and making many contacts with countries and with those who are involved in the question of Afghanistan. Cordovez traveled back and forth between Kabul and Islamabad; the Russian deputy minister of foreign affairs visited Islamabad; Saudi Arabia's minister of foreign affairs went to Moscow; India's minister of state for foreign affairs went to Rome where he met with Afghanistan's deposed king, Zaher Shah; and finally, Shultz and Schevernadze held a meeting in Moscow. In light of all these developments, don't you expect that a solution to Afghanistan's problem would soon be reached?

[Answer] One thing which we must bear in mind is that the talks in Geneva are a device which is used to announce decisions that are made behind the scenes and elsewhere. In my opinion, a grave conspiracy is being woven against our Islamic struggle for freedom. Despite their differences over dividing the world, Russian and American colonialists agree on fighting Islam and blocking the establishment of an Islamic government. They want to end the struggle for freedom in Afghanistan to keep the freedom fighters from setting up an Islamic state. It seems that Russians and Americans want to set up a government whose members would include secular people, a few unknown communists, and a number of people who are thought to be freedom fighters. The deposed king, Zaher Shah is likely to head such a government which would benefit both Russia and America at the same time and preserve their interests in Afghanistan. There is another point: the Russians want a weak government in Afghanistan so it would depend on the Russians. This is because the situation in Afghanistan is such that every weak and unpopular government would have to depend on foreigners. Since the Russians are closer to Afghanistan than America, they stand to gain more in Afghanistan under a weak government in Kabul. And we think that is why the Kremlin supports the formation of such a government.

This is the part of the big conspiracy that has surfaced so far. In the coming days we expect other parts of that conspiracy to surface.

[Question] If a coalition government such as the one you described is formed and headed by the deposed king, Zaher Shah, what will be the freedom fighters' position? Specifically, what will be the Islamic Party's position?

[Answer] When we felt that a conspiracy against the struggle for freedom was in the works, we announced our position, and we said that under no circumstances would we accept a coalition government of any kind. We said we would resist any government that would be imposed on our people from outside. We said we would not lay down our weapons until the Mujahidin establish an Islamic government in Afghanistan. We said there was no other way. Our people paid dearly during the past 10 years: their blood was shed and their lives were sacrificed to promote the word of God and exalt the banner of

monotheism. Abandoning such a great goal and such a noble objective would constitute a betrayal of our people who lost their lives in battle. It would be a crime against the people who are struggling for their freedom; it would be a crime against the entire Islamic nation. At present Afghanistan's Islamic Alliance of Freedom Fighters rejects the coalition government. It will continue fighting for freedom until the last Russian soldier is driven out of the country. However, we do not know who will and who will not honor that pledge. But when push comes to shove, people will show their true colors.

[Question] Diego Cordovez, the UN's mediator in the indirect talks between Pakistan and the Kabul regime, met leaders of Afghanistan's Islamic Alliance of Freedom Fighters in Peshawar during his most recent visit to Pakistan. At a press conference afterwards, he declared that he had reached an agreement on a few basic matters with the Mujahidin's leaders. Would it be possible for you to tell us what those issues are concerning which an agreement was reached between the Mujahidin and Cordovez?

[Answer] Before talking about Cordovez's recent visit and his meeting with the Mujahidin's leaders, I would like to point out that in 1986 Cordovez had asked those leaders to agree to a meeting with him. But he insisted that the meeting be held in secret and on an unofficial basis. We refused to meet secretly with him, and we told him we would not meet with him unless the meeting was public. We also told him that he had to acknowledge officially that without the freedom fighters' approval, there can be no solution. At that time a meeting did not take place. This time, however, when Cordovez asked the Mujahidin's leaders to agree to a meeting, he accepted both conditions. An official announcement was made declaring the freedom fighters a principal party in the question without whose approval a solution could not be reached. Thus, a meeting between the UN's mediator and the Mujahidin's leaders did take place. We explained to him the Mujahidin's position on the Geneva talks, and we told him that these talks were being held between two parties who are not the principal parties in the matter. We told him that the freedom fighters would not be bound by these talks and their outcome. We also explained to him our position on the coalition government, and we said that forming a coalition government which included freedom fighters and the client communist party was not possible. We told him that attempting to put freedom fighters in a coalition government with butchers of the people and those who would sell religion and country would be impossible and a waste of effort. Our meeting with Cordovez was held only to explain the situation to him. We did not want people to think that freedom fighters were agreeing with what was going on at the Geneva talks, so we set two conditions which had to be met before the meeting could be held.

[Question] The freedom fighters are engaged in some activities concerning the formation of an interim government. Would you please shed some light on how this government would be formed?

[Answer] The freedom fighters decided to set up a broad-based government that would be led by freedom fighters and include those who had emigrated as well as those who had stayed in Afghanistan. A detailed study on this matter has been completed, and agreement was reached on some of the points. Further study and debate, however, will be required, and details will be announced in the future. In general, I can say that the freedom fighters' proposal to form an interim government is based on the assumption that freedom fighters will head that government which will be broad-based and will include freedom fighting Afghans from all walks of life.

[Question] The term, "broad-based government," and the statement that the proposed interim government "will include freedom fighting Afghans from all walks of life," are ambiguous and require clarification. Can you clarify them for us?

[Answer] Yes, the statement does require clarification and elaboration. Expect that to come in the future.

[Question] Is there a difference between the freedom fighters' usage of the term, "a broad-based" interim government and its usage by Diego Cordovez and the international media, who also use that term?

[Answer] Yes, there is a clear difference between the interim government we want and the one which the international media and Cordovez are talking about. The interim government they are talking about might be the coalition government which includes freedom fighters, the client communist party, and a few individuals who had fled to the west. But the interim government which the freedom fighters have in mind is quite different. We want an interim government which is led by freedom fighters but which is also broad-based and includes Muslims from all walks of life.

[Question] International newspapers are talking about a "bloodbath" in Afghanistan after Soviet troops leave the country. The implication is that freedom fighters will massacre communists and followers of the communist government. What will be the freedom fighters' attitude toward communists after the Russian army's departure?

[Answer] We realized a few years ago that we had to reassure people and make them not worry about a bloodbath in Afghanistan. That is why we declared a general amnesty for those who renounce their past actions and cease their hostility to Islam and to Muslims. Freedom fighters thus made it possible for those who had been deceived by Russians and by communism to return to the people's ranks. We are still keeping our word. Every day hundreds of soldiers and officers join the

ranks of the freedom fighters. There are, however, communists who are fearful because they committed major crimes against Islam and the people, and it is difficult for them to have confidence in the general amnesty which was proclaimed by the freedom fighters. But there is a solution to that problem: the Russians ought to take those people back to Russia just as the Americans took their friends to America when they left Vietnam. Thus, bloodshed in Afghanistan would stop forever. If the freedom fighting people of Afghanistan were allowed to determine their own destiny, there would be no bloodshed. But if godless colonialism wants to force its clients on us, warfare and fighting will continue.

[Question] Some observers think that the presence of the Mujahidin's leaders in Islamabad at the same time the Russian deputy minister of foreign affairs was visiting that city indicated that Pakistan had been involved in conducting indirect talks between the freedom fighters and the Russians. How accurate is that opinion?

[Answer] So far, the Russians have not agreed officially to any direct or indirect talks between them and the freedom fighters. Our fellow Pakistanis, however, are undoubtedly keeping us informed and telling us what is happening between them and the other party.

[Question] Are you suggesting that direct talks be held between the freedom fighters and Russia?

[Answer] We are not suggesting that, but we are saying—and that is a fact—that a lasting and practical solution to the question can be reached through direct talks between the two principal parties in the problem. If the Russians do in fact want a solution and if they want to end the war in Afghanistan peacefully, the only thing they can do is talk with the freedom fighters.

[Question] Are you confident that Pakistan will continue its support for Afghani freedom fighters in the future?

[Answer] We are confident that Pakistan, God willing, will continue its support for freedom fighters and refugees. The Pakistani government announced repeatedly that it would not accept any solution that was unacceptable to the freedom fighters. Pakistan does not want a fight with the freedom fighters at any stage. Because of its support for Afghani freedom fighters Pakistan has endured many difficulties. It would never countenance a situation in which all these sacrifices will have been made in vain and none of the things that had been sought gained. There is another important point: In fighting communism and godlessness in Afghanistan, freedom fighters are actually defending Pakistan and all Islamic countries, especially those which are located in the Gulf. Abandoning support for the freedom fighters in Afghanistan would mean in no uncertain terms that defending Pakistan and Islamic countries from red communist colonialism was being abandoned. I don't think that anyone would accept that.

[Question] Don't you think that it is essential, in light of recent developments, that the freedom fighters' United Political Front be strengthened and fortified so it can face new challenges and circumstances?

[Answer] Our present situation is undoubtedly much better than it was in the past. The Mujahidin's United Political Front is strong. Everyone recognizes that. We are striving to make the situation better than it is now. Within Afghanistan's Islamic Alliance for Freedom Fighters there is coordination, and there is a consensus of opinion among the freedom fighters' factions.

[Question] If we assume that the world's colonialist forces were to agree on bringing the freedom fighters' struggle in Afghanistan to an end, and if pressures on Pakistan were increased to induce it to abandon its support for freedom fighters and refugees and close its borders to them, what do you think will become of Afghani freedom fighters in the future?

[Answer] We started this struggle for freedom at a time when our resources were meager indeed. We had no combat experience and no support from the outside world. It was difficult for anyone to imagine that it would be possible to start such a resistance effort in our country. But thanks to God Almighty and to His support and assistance, sincere freedom fighters started this fight for freedom, paying no attention to material measures and standards. The blessed Islamic fight for freedom in Islamic Afghanistan got to this stage after going through difficulties and making great sacrifices. It has become the world's major issue. Afghanistan has hundreds of thousands of freedom fighters who are armed and trained. The struggle for freedom in Afghanistan has become a beacon of hope for the Islamic nation whose destiny is now tied to this struggle. That is why we are confident that, God willing, our struggle will continue until Afghanistan is liberated from the claws of godless communism and an Islamic state is established. We do not care about difficulties and challenges. I am confident that the resistance and the struggle for freedom will continue. If we were fighting our enemy from outside the country, worrying about the borders being closed would be relevant, but our forces are inside Afghanistan, and the freedom fighters have strong bases and centers everywhere in the country. The Russians failed to strike these bases which, God willing, can and will be able to defend themselves for a long time even if all aid to them were cut. I am proclaiming that the struggle for freedom will go on with God's assistance and support until final victory is achieved and an Islamic state is established. Only Islam and the Koran will rule in Afghanistan.

I think it unlikely, however, that an agreement between the parties involved in this question will take place if Russian troops stay in Afghanistan. If they leave, the problem will end, and the freedom fighters will be the only force in the country.

[Question] As you know, there is an Islamic uprising sweeping occupied Palestine these days. This uprising has been called the revolution of the mosques because it is being led by Muslims. What would you like to say to the Muslim people of Palestine?

[Answer] I would like to pay tribute to the Muslim people of Palestine, and I would like to commend them for their blessed uprising against tyrannical Zionism. Let me say that Afghani freedom fighters have always followed the news about their fellow Palestinians. It is their hope that they will have an opportunity to fight for freedom in Palestine and help liberate one of Islam's holiest sites. The current Islamic uprising in Palestine bodes well and indicates that nothing but Islam and a struggle for freedom will liberate Palestine. It indicates that imported regimes and ideologies have failed to liberate Palestine and have run out of steam. I think that the Palestinian people will attain freedom as soon as possible, God willing, if they were to do what the Afghani people have been doing. The Movement for the Liberation of Palestine made a big mistake when it adopted the course of nationalism and patriotism. Instead of relying only on God, it tried to rely on outside forces. It made a mistake also when it preferred political talks to armed struggle. When we heard that our brothers in Palestine started their uprising in the name of God and raised the banners of their struggle for freedom, we prayed for their victory and success.

[Question] Our thanks to the great fighter, Engineer Gulbuddin Hekmatyar. We thank you for your good answers to our questions, and we ask God that He grant the freedom fighters steadfastness and victory over their enemies. God is truly an excellent Lord and Ally.

08592

IRAN

Exports to France Increase 71.3 Percent
46400109b London KEYHAN in Persian 28 Apr 88 p 4

[Text] In 1986 France exported goods and materials to the Islamic Republic with a total value of 679 million francs, last year this figure increased significantly and the total value of these exports was more than 1.071 billion francs. A comparison of the two figures of 679 million francs total value of French exports to the Islamic Republic in 1986 and 1.071 billion francs total value of French exports to the Islamic Republic in 1987 shows an increase of 57.7 percent. The value of French exports to the Islamic Republic has increased at a time when on the one hand the value of exports from most European countries to Iran has decreased and on the other hand France, in the wake of political clashes with Tehran, has officially announced that it has restricted its trade relations with the Islamic Republic.

On the basis of statistics published by the French Ministry of Foreign Commerce, in 1987 this nation had a trade surplus in its commercial dealings with the nations of the Middle East, and against imports of goods and materials valued at 53 billion francs, it sold 59.8 billion francs in goods and materials to the nations of this region.

An analysis of French foreign trade statistics for last year shows that despite a decrease of about 14 percent in the total value of this nation's exports to the Middle East, Paris increased its exports to the Islamic Republic by 57.7 percent over 1986.

French foreign trade statistics for last year show that in addition to increasing its exports to the Islamic Republic, this nation also increased its purchases from that country. In 1986 France bought a total of 2.2 billion francs in goods and materials from the Islamic Republic. This figure increased 71.3 percent last year to 3.8 billion francs. Economic experts described the expansion of trade relations between Tehran and Paris as an indication of improved relations between the two countries, and they believe that the leaders of the Islamic Republic and France, contrary to rumor, are constantly working to improve their political and commercial relations and to increase commercial exchanges. While expressing surprise at the increase in France's imports from the Islamic Republic last year, one economic expert announced that this increase occurred at a time when France is boycotting Iranianian crude oil in the midst of a propaganda blitz with little precedent, and has ordered its oil companies to refrain from importing Iranian crude oil.

A comparison of the two figures on the value of imports and exports of the two countries for last year shows that France purchased more than three times the value in goods and materials from the Islamic Republic (mostly oil) than that of the goods it exported to Iran. Thus, France is one of the few European nations which has a negative balance of trade with Tehran.

9310

FRG IRI's Biggest Trading Partner in Middle East
46400109a London KEYHAN in Persian 21 Apr 88 p 4

[Text] Despite a trend toward reduced trade between the Islamic Republic and the FRG and the continuous decline in the value of their commercial transactions, this nation is still considered the Islamic Republic's most important trading partner in the world. The monthly journal of Iranian commerce and mining industries, quoting a report by the Iran and Germany Chamber of Commerce and Mining Industries, recently wrote: The FRG's exports to Iran declined 15 percent in 1984 from their highest level in 1983, 26 percent in 1985, and 32 percent in 1986, but the rate of decline has dropped each month since April of last year, and was 20 percent last August. Continuing its report, the above journal wrote: It

is expected that the Federal Republic of Germany's exports to Iran in 1987 will total 2.7 billion marks, showing a decrease of less than 20 percent. In 1983 the Federal Republic of Germany exported a total of 7.7 billion marks in goods and materials to the Islamic Republic. In 1984 the value of these exports decreased by about 15 percent, totaling no more than 6.5 billion marks. In 1985 the Federal Republic of Germany exported goods and materials valued at \$4.8 billion to the Islamic Republic. This figure represents a decrease of about 26 percent from the value of Germany's exports to Iran in 1984. Statistics published by the Iran and Germany Chamber of Commerce and Mining Industries say that the value of West Germany's exports to the Islamic Republic in 1986 compared to the previous year decreased 32 percent and did not exceed \$3.3 billion.

In part of its report, the monthly journal of the Iran and Germany Chamber of Commerce and Mining Industries wrote that the state of the world oil market, the decrease in the value of the dollar against other world currencies, the stagnation in Iran's crude oil sales, and the consequent reduction in Iran's foreign exchange income are seen as the principal reasons for the decline in the value of the FRG's exports to the Islamic Republic.

The aforementioned monthly journal, quoting the report from the Iran Chamber of Commerce and Mining Industries, wrote: The improvement in the Islamic Republic's foreign exchange situation during the last year has eased the commercial restrictions in some sectors. The easing of these restrictions in some sectors has led to an increase in trade between the two countries in the first half of 1987, so that in the area of tools and industrial implements transactions increased 103.9 percent over the same period in 1986.

Increase in Germany's Industrial Exports to Islamic Republic

A study of the official statistics on the Federal Republic of Germany's exports shows that in the months from January to June 1986 this country exported 197.7 million marks in electronic products, 185.7 million marks in automobile products, 29.2 million marks in pharmaceutical products, and 59 million marks in machinery and industrial implements to the Islamic Republic. Figures on the value of the Federal Republic of Germany's exports in the months January to June for last year show that throughout the period under consideration this country exported 218.6 million marks in electronic products (an increase of 10.6 percent), 185.7 million marks [as published] in automobile products (an increase of 26.8 percent), 29.3 million marks [as published] in pharmaceutical products (an increase of 94.2 percent) and 59 million marks [as published] in machinery (an increase of 103.9 percent) to the Islamic Republic.

Elsewhere in its report the aforementioned weekly journal [as published] wrote: Despite the decrease in petroleum exports to the FRG, the situation for non-petroleum exports has improved, just as it did in 1986. In

1986 Iran's non-petroleum exports to the FRG increased about 1.67 percent over the year 1985. In the first 8 months of last year about 70 percent of Iran's exports to West Germany were non-petroleum, the other 30 percent petroleum products. It is estimated that one-third of the Islamic Republic's non-petroleum exports are sent to the FRG.

Statistics on the Islamic Republic's exports to the Federal Republic of Germany for the first 9 months of last year show that while the total value of Germany's purchases from the Islamic Republic during this period was 629,950,000 marks, this represents a decrease of about 30 percent from the previous year, when it was 881,905,000 marks. The share of oil in the above figures in the first 9 months of 1986 was about 463,575,000 marks, and about 181,975,000 marks in the same period last year (a decrease of about 61 percent). On the other hand, the share of non-petroleum goods in the first 9 months of last year came to 418,330,000 marks (an increase of 7 percent). In these statistics, it was stated that the total value of the FRG's imports from the Islamic Republic in the first 9 months of last year was 274,434,000 marks, and about 2,603,501,000 marks for the same period in 1986. A comparison of the above two figures shows that the total value of the Federal Republic of Germany's imports from the Islamic Republic in the first 9 months of last year compared to the first 9 months of 1986 decreased about 20 percent [as published].

9310

Over 6800 Immigrated to Sweden in 1987

46400110a London KEYHAN in Persian 28 Apr 88 p 4

[Text] In 1987 more than 6,800 Iranians entered Sweden as immigrants and requested asylum from this country's authorities. Among the Asian countries, the number of Iranian immigrants to Sweden last year was much greater than those of other nations in this area.

According to a statement from the Swedish international press agency (SAP), the number of Asian immigrants last year was more than 13,700, an increase of about 11 percent over 1986. This statement confirmed that the number of Iranian immigrants who went to Sweden in 1987 and sought asylum was equal to that of all other Asian nations. During the year under discussion, after the Iranians, the largest groups of immigrants to Sweden from Asia and the Middle East were from Turkey (1,400) and Lebanon (900). An immigration expert in Sweden believes that during the last 8 years, an annual average of about 7,000 to 10,000 Iranians have entered Sweden for various reasons and have successfully obtained asylum from this country's immigration authorities. This expert estimates the total number of Iranian immigrants in Sweden to be 100,000 to 130,000. It is necessary to note that Swiss immigration authorities, in cooperation with other immigration officials of European nations, have imposed restrictions in the last few years to stop the flood of Iranians seeking asylum in the nations of the

region. According to European press reports, ministry of interior officials from these nations, in numerous discussions, have succeeded in compiling various regulations to stop the flood of Iranian immigrants into their nations. By establishing a correspondence between current laws and regulations, they have been able to greatly restrict the number of applicants for asylum.

9310

Sweden Signs Agreement To Build Power Plant

46400110b London KEYHAN in Persian 28 Apr 88 p 4

[Text] The Islamic Republic has signed a contract to build an electrical power plant with the Swedish ABB Stal Company. This plant will have a 10 megawatt production capacity, and the value of the contract is more than \$5 million.

According to the text of the contract signed, the Swedish contractor is required to give the necessary tools and equipment for the plant to ministry of power officials for the Islamic Republic by the end of next August and to provide consultation on plant construction.

According to the weekly MIDDLE EAST ECONOMIC DIGEST (London), the 10-megawatt power plant will use gas fuel. The gas necessary for this plant will be transported by the Igat-I pipeline to the plant construction site. In addition to this power plant, the Swiss ABB Asea Brown Boveri contractor plans to build a 500-megawatt electrical power plant in Fars Province. Recently this company was a competitor in a call for bids to build a 1,000-megawatt power plant in Gilan. Islamic Republic officials, mentioning the fact that the Swiss ABB Asea Brown Boveri Company operates extensively in Iran, refrained from granting the contract to build the above power plant to this company.

9310

Trade With Bulgaria Reaches \$600 Million in Value

46400109c London KEYHAN in Persian 28 Apr 88 p 4

[Text] The Islamic Republic bought all of its smoking products, tobacco raw materials and spare parts for its cigarette manufacturing from Bulgaria up to the end of 1986. Moreover, the Iran Tobacco Company recently took steps to buy a tobacco processing factory from Bulgaria. On the other hand, it has been agreed that the Islamic Republic will deliver 2.5 to 3.0 million barrels of crude oil to Bulgaria each year. On the basis of treaties signed between Sofia and Tehran, the value of the commercial transactions between the two countries for the current year will come to about \$600 million.

On the basis of Tehran press reports, about two weeks ago 'Abbas'ali Zali, the Islamic Republic's Minister of Agriculture, went to Sofia. While taking part in the fifth talks between Iran and Bulgaria, he signed a protocol for

economic cooperation. As he was returning to Tehran, the Islamic Republic's Minister of Agriculture told correspondents: The decision was made in the industrial committee that the Islamic Republic would export to Bulgaria industrial machinery and passenger automobiles, including 5,000 Renaults and mini-buses. He discussed the transportation committee, saying: This committee was formed for the first time after the Islamic Republic's minister of roads and transportation went to Bulgaria this year, and plans were made for the two nations to cooperate in the areas of rail, sea and air transportation. In the coming months the Bulgarian transportation minister will go to Tehran to attend a commission meeting attended by the minister of roads and transportation to follow up on this committee's decisions.

9310

Members of Khomeyni's 'Combatant Clergy'

Controlling Majlis

46400111a London KEYHAN in Persian 28 Apr 88 p 2

[Text] With the ending of the primary round of the Majlis election, the rivalry between the two clerical factions affiliated with the Islamic regime has begun for the start of the secondary phase.

The splinter group, the "combatant clergy," which originally consisted of 23 persons, increased to 28 persons later, and Ayatollah Khomeyni wrote a letter permitting the creation of a new organization, which according to political observers is a new front against the conservative combatant clergy of Tehran, the most important religious group in the capital, with many elements in the bazaar, the theological centers, and the agencies and institutions of the Islamic Republic.

A glance at the list of names of the 28 members of the central council of the "combatant clergy of Tehran," the splinter group, reveals that 10 of them belong to the office of Ayatollah Khomeyni, 8 are his representatives in the various institutions and agencies of the Islamic Republic, and the remainder are important figures in the Islamic Republic who are given more support than anyone else by Ayatollah Khomeyni and his office.

The 28 members of the central council of the "combatant clergy" supported in the present power struggle by Ayatollah Khomeyni and his son Seyyed Ahmad Khomeyni, almost all of whom hold sensitive positions in the regime and are trying to take complete control of the Majlis, are:

- 1) Jalali-Khomeyni, representative of Khomeyni and Friday imam of Khomeyni;
- 2) Seyyed Mohammad Do'a'i, representative of Khomeyni at ETTELA'AT and a Majlis representative;
- 3) Seyyed Mohammad Abtahi, director of the Islamic Republic radio;
- 4) Sarajoddin Musavi, member of Khomeyni's office, in charge of security of the residence of Ayatollah Khomeyni, and his

representative, as well as commander of the revolution committees; 5) Mohammad Hoseyn Rahimian, member of Khomeyni's office, in charge of PASDAR-E ESLAM magazine and a university professor; 6) Mehdi Karrubi, deputy speaker of the Majlis, representative of Khomeyni, supervisor of the Hajj pilgrimage, and supervisor of the Shahid Foundation; 7) Imam Jamarani, representative of Khomeyni and director of the Hajj pilgrimage and religious endowment organization; 8) Hasan Sane'i, member and in charge of financial affairs of Khomeyni's office and his representative at the 15 Khordad Foundation; 9) Mohammad 'Ali Ansari, member of Khomeyni's office and in charge of the political and cultural bureau of that office; 10) Musavi-Kho'iniha, prosecutor general of the Islamic Republic and member of the assembly for determining the interests of the regime; 11) 'Ali Akbar Ashtiani, member of Khomeyni's office and his representative, also in charge of the political-ideological office of the gendarmerie of the Islamic Republic; 12) Hamid Ruhani, historian and in charge of documents of the Islamic revolution; 13) Musavi-Lari, a member of the Hajj pilgrimage council; 14) Kianersi, representative of the Majlis; 15) Mohammad Reza Tavassoli, member of Khomeyni's office and member of the assembly to determine the interests of the regime, as well as member of the central administration office of the Friday imams; 16) Majid Ansari, director of prisons and security and the educational measures of the Islamic Republic and representative of the Supreme Judicial Council; 17) Mohammad 'Ali Nezamzadeh, representative of Khomeyni at the religious endowment department; 18) Mohammad Khatami, minister of Islamic culture and guidance and representative of Khomeyni at KEYHAN; 19) 'Ali Akbar Mohtashami, minister of the interior and member of Khomeyni's office; 20) Seyyed Mohammad Hashemi, member of Khomeyni's office and representative and secretary of the Supreme Judicial Council at the Supervisory Council of the Voice and Vision; 21) Mohammad 'Ali Sadduqi, member of Khomeyni's office and deputy chairman of the Supreme Judicial Council; 22) Taqi Dorcheh'i, Friday imam of Shahr-e Rey; 23) Asadollah Bayat, representative of the Majlis and member of the board of directors of Narmak mosque; 24) Hadi Ghafari, representative of the Majlis and in charge of the Hezbollah groups in Tehran; 25) Mohammad 'Ali Rahmani, member of Khomeyni's office, and commander of the mobilization for the oppressed of the Guards Corps; 26) Sadeq Khalkhali, representative of the Majlis; 27) Montakhabnia, representative of the Majlis; and 28) 'Isa Vala'i, representative of the Majlis.

However, even though this new organization, most of the members of which are affiliated with the office of Ayatollah Khomeyni, has been established, the combatant clergy group and the Resalat group have both openly and secretly opposed it. KEYHAN of Tehran published a part of the interview of reporters with Mohtashami, the minister of the interior, in the 24 Farvardin [12 April] issue, and referred to the question of the correspondent of RESALAT newspaper, who had asked: "You had said

in your announcements that you will stop the propaganda by groups that are created on the spur of the moment. Why did you not stop the propaganda of the combatant clergy, which was created in a flash?"

Mohtashami, who was himself a member of the combatant clergy group, became extremely angry and said:

You are insulting the figures that are trusted by the Islamic Republic and the imam. This is the way with RESALAT newspaper. It would be fitting for other newspapers to publish this question and answer so that the people would know the operators of this newspaper.

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IRI Resumes Providing Syria With Free Oil
46400114a London KEYHAN in Persian 28 Apr 88 p 4

[Text] Following the visit of the Syrian minister of oil and mineral wealth to Tehran and his meeting with the petroleum officials of the Islamic Republic, the announcement was made late last week that this year, too, Damascus will receive about 1 million tons of gratis crude oil. According to the information obtained in Tehran, in their negotiations with the officials of the Ministry of Petroleum of the Islamic Republic, the Syrian officials have not addressed the issue of how they will repay their debts to Iran or when these debts will be paid. Syria owes the Islamic Republic about \$2 million. In addition, Damascus must pay interest on the overdue debts to the Islamic Republic.

Upon his arrival in Tehran, Habib Matanyas, the Syrian minister of oil, took part in a press conference and told reporters that his aim in visiting Tehran was to strengthen commercial relations between the two countries, especially to expand the present cooperation in the area of energy and oil.

Early last week, concerning the visit to the Islamic Republic of Habib Matanyas, the Syrian minister of oil, the KUWAIT NEWS AGENCY reported that in this visit he will discuss the strengthening and expansion of mutual cooperation in areas related to oil as well as the renewal of the petroleum agreements signed last year. In accordance with the signed agreement between Damascus and Tehran, Syria will receive 1 million tons of gratis oil from the Islamic regime of Iran every year. Furthermore, Iran has pledged to provide Syria with 3 million tons of crude oil at a low price annually.

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Komiteh Patrols Reportedly Keeping Out of Sight
46400114c London KEYHAN in Persian 28 Apr 88 p 1

[Text] The Western media reported that in order to appease the people and quell their anger over the incompetence of the regime, the Zahra and Sarrallah patrols have been quietly stopped and the agents returned to their bases.

Reports from Tehran and other large cities also indicate that the armed committee members and bothersome club-wielding agents of Khomeyni appear less frequently in the public streets these days.

David Hurst, reporter for the London-published GUARDIAN, reported from Tehran last week that in several instances, the armed guards of the regime joined the people and shouted slogans against the leaders of the regime. In one of these demonstrations, the people of south Tehran shouted that the blame for all the existing misery rests with Rafsanjani and Khamene'i.

REUTER'S, corroborating the report of the disbanding of the bothersome patrols, writes: Iranian women have once again started wearing colorful scarfs, but several Iranian women told foreign reporters that the policies of the regime cannot be trusted, because the clerics may send the bothersome elements to control the people once conditions have calmed down.

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Iranians May Refuse Participation in Hajj

46400114d London KEYHAN in Persian 28 Apr 88 p 1

[Text] Informed sources believe that because of the differences between the Islamic Republic and Saudi Arabia concerning numbers of Iranian pilgrims and their political activities during the Hajj ceremonies, it is highly possible that Iranians will not participate in the next Hajj pilgrimage.

Imam Jamarani, the supervisor of the Hajj pilgrimage and religious endowments, traveled to Jeddah last week to present the demands of the Islamic Republic to the Saudi officials, but the Saudis did not accept them.

In a press conference, he announced that in negotiations with 'Abd al-Wahab 'Abd al-Wasi', the minister of pilgrimage affairs of Saudi Arabia, he informed the Saudi officials of the position of the Islamic Republic concerning the number of Iranian pilgrims and the decision to hold demonstrations to expel the infidels. But the Saudi official did not accept the departure of 150,000 Iranians and have said that they will allow only 45,000 to travel to Saudi Arabia and will prevent any sort of demonstration.

Imam Jamarani said that in a 4-hour meeting, after the Iranian views were expressed, the Saudis stated that the Hajj pilgrimage is apolitical, and the expelling of the infidels only took place during the time of the Prophet, and then only at the grand pilgrimage. At present, since there are no infidels in Mecca, a demonstration under the pretext of expelling the infidels is unnecessary.

Imam Jamarani announced that as it stands, whether or not Iranians participate in the Hajj ceremonies this year depends on Khomeyni's opinion.

It is anticipated that Khomeyni will instruct Iranians not to participate in the Hajj ceremonies this year.

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IRI Appeals to Physicians for Medical, Financial Help

46400114b London KEYHAN in Persian 28 Apr 88 p 11

[Text] The Islamic Republic has appealed to Iranians residing abroad and to international assemblies for financial and medical help several times in recent weeks.

The officials of the Red Cross of the Islamic Republic have requested of physicians and experts in related fields as well as Iranians residing abroad that they help in any way they can in the treatment of the war victims, the purchase of medicine, and the collection of assistance funds.

The officials of the Islamic Republic said: We have contacted most international organizations, and they have promised to cooperate.

Dr Vahid-Dastgerdi, the director of the Red Cross agency, said in an interview with the BBC:

Iranian physicians and other medical groups should go to Iran to treat the wounded or agree to help the wounded abroad. The operators of the Islamic Republic regime after coming to power made every effort to disperse physicians and experts, to such an extent that most physicians, useful people and the scientific and technical investment of the country fled abroad. Now that they are in need, they are appealing to the same people who were not valued and were humiliated, insulted and dismissed.

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Obsolete Auto Spare Parts Purchased by IRI

46400113 London KEYHAN in Persian 28 Apr 88 p 4

[Text] The British Talbot-Peugeot automobile manufacturing industries, which manufactured spare parts for Peykan cars and exported them to Iran for assembly, has signed an agreement with the Iran Khodrow company to sell all technical equipment and machinery for the production of Peykan spare parts to the Islamic Republic. The above report was broadcast some time ago by the news division of London radio. This radio network, quoting the British Talbot-Peugeot spokesman, said that work on disassembling the machinery in the production unit of these industries in Coventry has begun, and as soon as the first installment payment for this equipment is received, it will be loaded and sent to the Iranian ports. A technical expert told KEYHAN's correspondent that the above-mentioned transaction by the British Talbot-Peugeot automobile manufacturing industries was one of the most lucrative transactions to have taken place to

date. This expert added: "In any case, the Talbot-Peugeot automobile manufacturing industries had to disband the old, worn-out machinery for the Peykan spare-part production unit in Coventry, because there is no market for the products. The completion of this transaction with the Islamic Republic will allow this factory not only to unload its useless and worn-out equipment from the production unit in question, but also to receive large sums of currency from the Islamic Republic."

Officials of the Iran Khodrow company will apparently pay about \$8 million to the British Talbot-Peugeot automobile manufacturing industries to purchase the Peykan spare parts production unit.

The spokesman for this company, who reported the signing of the agreement for the sale of the Peykan spare-parts production unit in Coventry, said that most likely the loading of the equipment and machinery for the Peykan spare-parts production factory and shipping it to Iran will end by the middle of next summer.

It should be pointed out that the British Talbot-Peugeot industries stopped the delivery of manufactured parts for Peykans to the Islamic Republic about two years ago because of that country's failure to pay its debts. After the negotiations with the Iran Khodrow company were concluded and it was made known that the export of Peykans to Iran would no longer be possible, the production line for this automobile was shut down permanently.

The Peykan spare-parts production unit in Coventry made a cash sale of the spare parts for 6,000 Peykans, which were left in the warehouses of Talbot, to the Islamic Republic last November. The spokesman of the Talbot automobile manufacturing industries announced that Talbot will keep the Peykan spare parts for 6,000 cars and is prepared to deliver them to the Islamic Republic upon receipt of payments due.

The Talbot-Peugeot automobile manufacturing industries began the production and delivery of the manufactured Peykan parts to Iran about 22 years ago. Before the Islamic revolution, it exported up to 120,000 of these parts to Iran. Peykan cars were received on an unprecedented level by Iranian consumers, and the Iran National automobile assembly industries had no problems selling its products. From the beginning of the activities of the Iran National assembly industries, Peykans sold for about 200,000 rials each.

The price of a Peykan in the years before the revolution increased to between 500,000 and 600,000 rials. After the establishment of the Islamic Republic in Iran, the price of this kind of automobile, along with other items, gradually increased and, according to available reports from Tehran, every Peykan is bought and sold at the present for 7-8 million rials.

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Polling Hours Extended To Encourage Voting

46400111b London KEYHAN in Persian 18 Apr 88 p 11

[Text] Despite the reports of foreign correspondents concerning the disinterest on the part of the people in the Majlis elections, on Friday, 19 Farvardin [8 April], the Islamic Republic radio announced that 17 million people participated in the elections. According to this radio report, 188 persons were elected to the Majlis in the primary voting. Since the quota for the Majlis had been reached, the Majlis held a session and Hashemi-Rafsanjani was once again elected speaker. Among those elected from Tehran, the names of two women were also announced, one of whom is the widow of Raja'i, the former president of the Islamic Republic.

The minister of the interior of the regime, nevertheless, referred to what he described as conspiracies to boycott the elections and said "minigroups caused a boycott of the elections through their propaganda, and this was also a conspiracy."

The second phase of the Majlis elections will be held on 3 Ordibehesht [23 April] to choose 82 other representatives.

It should be pointed out that in order to encourage a larger number of people to vote, the Islamic regime twice extended the polling hours. Polling hours were first announced as 7 am to 5 pm, but, following the failure of the people to show up, voting was extended until 8 pm, and then the Islamic Republic radio announced that since some people were traveling and would not arrive in Tehran until night, voting would be extended until 10 pm.

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Narcotics Said Readily Available

46400116b London KEYHAN in Persian 5 May 88 p 3

[Text] In the Islamic Republic the narcotics market is thriving vigorously. Despite the fact that, based on published statistics, last year alone hundreds of people were either executed, exiled or arrested by the Islamic regime for smuggling narcotics, narcotics are still available to everyone

Based on statistics recently published by the Islamic regime, last year alone more than 40 tons of narcotics were confiscated, including 36 tons of opium, 1.5 tons of heroin, 2 tons of hashish, 31 kilograms of morphine, and 445 kilograms of other narcotics.

During the same period 31,332 persons were arrested, 111 persons were sentenced to death, 16 persons were executed, a total of 367,039,980 rials in fines were

collected from smugglers, 138 of their transportation devices were confiscated, and 1,882 of the smugglers were sentenced to lengthy prison terms.

Despite all this, the purchase and sale of narcotics continues in Tehran and many other cities, and they are often more plentiful than meat and bread.

9310

Value of IRI's Imports Reaches \$12.6 Billion
46400117a London KEYHAN in Persian 5 May 88 p 4

[Text] During the year 1366 [21 March 1987 - 20 March 1988] the Islamic Republic imported goods and merchandise with a total value of \$12.76 billion. The news concerning the value of the Islamic Republic's imports last year was released recently by the ISLAMIC REPUBLIC NEWS AGENCY, quoting statistics published by Iran Customs. A MIDDLE EAST ECONOMIC DIGEST (London) analyst believes that these figures do not include the value of weapons and war materiel purchased last year by the Islamic Republic. The economic weekly wrote: The value of the Islamic Republic's imports last year—totalling \$12.76 billion—is much higher than had been previously expected.

In all of last year the Islamic Republic added about \$10 billion in foreign exchange to its treasury. This year the Majlis budget commission, during its review of the budget proposed by Mir Hoseyn Musavi's government, reduced the estimated oil sales foreign exchange revenues from about \$10 billion to \$9 billion. Most of the Islamic Republic's imports consist of food and consumer goods such as sugar, rice, meat, wheat, vegetable shortening and oil pellets, barley and various kinds of grain, tea, and other edible items. These imports also include construction materials, some raw materials and similar materials. Also included in the figures for the cost of imported goods are all the manufactured goods imported such as paper, machinery, motors, electrical and electronic goods, vehicles, technical implements and similar materials. Last year part of the Islamic Republic's imports included fuels derived from refined petroleum. The production capacity of domestic refineries and damages sustained by some of these refineries have convinced the Islamic Republic's officials to spend some of the foreign exchange obtained through oil exports on importing petroleum by-products such as kerosene, aircraft fuel and other similar substances. Other items imported by the Islamic Republic, not including arms and war materiel, include dairy products and eggs, textile fibres, raw fertilizer, mineral substances, vegetable oil, chemicals and plastics, various textile threads, iron and steel, transportation implements, scientific and professional supplies, and finally, services.

The ISLAMIC REPUBLIC NEWS AGENCY announced that the total value of last year's non-petroleum exports was about \$1.09 billion. A comparison of this figure with the value of Iran's non-petroleum exports

for 1365 [21 March 1986 - 20 March 1987] shows an increase of 14.7 percent. Last year foreign exchange earned from the export of hand-woven carpets made up about 43 to 43.8 percent of Iran's total non-petroleum export earnings.

Last year the Islamic Republic exported hand-woven carpets to West Germany, France, England, Italy, Japan, Austria, Sweden and several other European and American countries. The United States, which in the past was one of the largest importers of hand-woven Iranian carpets, has minimized its imports from the Islamic Republic since the middle of fall 1987, with the implementation of new regulations boycotting the purchase of goods from that country.

Last year's thriving market for Iranian carpets in the European nations, and especially in West Germany, in general was due more to the decline in the value of the dollar in relation to the chief European currencies, especially the mark, the French and Swiss franc, the British pound and other currencies, and the low cost of this luxury item for European consumers, than to efforts by the Islamic Republic to expand its exports and earn foreign exchange. Next on the list of the Islamic Republic's non-petroleum exports for 1366 [21 March 1987 - 20 March 1988] after hand-woven wool carpets are pistachios and pistachio meats. The share of these export consumer goods in the total of Iran's non-petroleum exports for last year came to about 17.5 to 18 percent. After pistachios and pistachio meats, next on the list of Iran's non-petroleum exports for last year in descending order are hides, fresh fruits, caviar, raisins, sulphur, various kinds of gut, copper, zinc, fresh produce, vegetables, and fish.

9310

Oil Tanker Insurance Increases Again
46400117b London KEYHAN in Persian 5 May 88 p 4

[Text] Following recent clashes between U.S. forces and the Islamic Republic's combat personnel in the Persian Gulf and the announcement concerning the dispatch of the U.S. Coast Guard to the waters of the area, international insurance companies have increased insurance premiums by about 100 percent for oil tankers and commercial ships bound for the Persian Gulf. Among the rates showing striking increases, insurance premiums for the hulls of ships bound for Kuwait are more noteworthy than the others.

Early last week it was announced that insurance premiums for the hulls of oil tankers and commercial ships bound for the Persian Gulf will be raised to 2 percent of the value and insurance premiums for ships bound for ports in Saudi Arabia and the United Arab Emirates will increase to 1.5 percent of the value of the ship.

According to the newspaper LLOYD'S LIST (London), there has been no change in the committee fixing rates for cargo insurance against war hazards, and these rates will be at least the same as those approved by this committee on 9 March.

In the last 3 months, the rates for insurance against war hazards for ships and oil tankers bound for the Persian Gulf, in view of the relative calm prevailing over the waters in this area, had declined. The events of the last 3 months in the Persian Gulf, along with the probability of an expansion of the crisis, clashes between the the forces of the Islamic Republic and U.S. warships and other NATO warships, made it necessary for the international insurance companies to review the relevant rates and to increase them significantly.

9310

Airline To Accept Rials in Response to Complaints

46400116c London KEYHAN in Persian 5 May 88 p 3

[Text] There is a great probability that tickets for foreign flights on Iran Air will be available under previous terms, that is through payment in rials.

Employees at the Iran Air office in London in answer to travelers telephoning or contacting them in person to learn of the latest decision in this area, said that within the next few days airline tickets, which had to be purchased with dollars (the U.S. monetary unit) for a time, are to be sold in rials.

The change in the Islamic Republic's decision concerning payment for airline tickets in rials came after a general public protest in the country and a flood of complaints in letters and telephone calls to the Iran Air offices and other national officials.

It had been rumored during the last few days that Iran Air tickets would be sold in rials again, but 30 percent would be added to the price.

A group also said that there are plans to allow each passenger to buy tickets in rials once per year, and require subsequent tickets that year to be purchased in dollars.

9310

Public Infuriated Over Influence of Dollar in Daily Life

46400116a London KEYHAN in Persian 5 May 88 p 3

[Text] The wave of popular dissatisfaction with the extreme influence and penetration of the dollar (the U.S. monetary unit) into daily affairs increases every day.

These days the abundance of letters the people are writing to the government-controlled newspapers concerning this has compelled officials to print some of these letters, contrary to their own wishes.

In their letters to these newspapers, the people have expressed concern about the long- and short-term consequences of giving power to the dollar and allowing it to replace the nation's own money, and have warned the managers of the Islamic Republic regime.

One of these letters said: Do the officials of the Islamic Republic realize what they have done, and do they know to what extent their decisions have had a negative effect on the morale and thoughts of the people and on the nation's ruined economy?

One of these letters said that with the misfortunes the great powers have brought and continue to bring to Iran, and in view of the slogans the leaders of the Islamic Republic have used against the Great Satan from day one, and in short with the policies and indications given several years ago to the smugglers, it is not clear why "the dollar" (the currency in circulation in the United States of America) has become the monetary unit used by the people of Iran, while its price increases day by day, and why the dollar now plays a major role in the economic and social life of the revolutionary nation's people.

Currently, priority is given to those who can pay foreign exchange to buy automobiles, and one must now pay in dollars to obtain airline tickets.

The author of the letter wrote: The Islamic Republic must realize that on the one hand it solves nothing to sell tickets in dollars, and on the one hand the people will have more grievances.

From now on it will be easy for the country's capitalists, who have large amounts of money in their foreign bank accounts, to gradually enter the market with their foreign exchange reserves and once again buy up property, land, real estate and industry.

In the view of the letter's author: To make the dollar all-powerful in the lives of the people of a revolutionary nation is frightening, and it is a warning signal for economic capitalists to revise their planning as much as possible. The people say that on the one hand the Islamic Republic sharply attacks all the economic, political and social effects and phenomena from the West and completely rejects all the systems and policies of the governments and peoples of those countries, and on the other hand, in the midst of its revolutionary years, it gives the dollar absolute power in its daily life.

9310

Telephone Installation Costs Increase 30-Fold
46400108a London KEYHAN in Persian 28 Apr 88 p 4

[Text] The cost of intracity postage in Iran will increase from 3 rials to 5 rials, and intercity postage from 5 rials to 10 rials.

The increase in postal rates inside Iran comes at a time when Mohammad Gharazi, the minister of post, telegraph and telephone of the Islamic Republic, announced that in 1360 [21 March 1981-20 March 1982], the Post Office had revenues of about 1 billion rials, and these revenues increased last year (1366 [21 March 1987-20 March 1988]) to about 7 billion rials.

The minister of post, telegraph and telephone of the Islamic Republic, who took part in a press conference some time ago, said concerning the increase in postal rates: "Since people have difficulty obtaining small change, we intend to increase the intercity and intracity rates to 5 rials and 10 rials, respectively."

In another part of his press conference, Mohammad Gharazi reported the increase in telephone installations in Tehran and provincial cities and announced that in order to give telephones to those who now hold receipts, another 100,000 to 150,000 rials will be collected. In the case of new customers, at least one-half the cost of telephone installation, in the neighborhood of 50,000-60,000 rials, will be collected from them in Tehran.

It should be pointed out that the installation cost for 1 telephone in the early days of the revolution did not exceed 22,000 rials. If the Ministry of Post, Telegraph and Telephone collects 600,000 rials, this marks approximately a 30-fold increase.

The minister of post, telegraph and telephone told reporters: "In 1366], we accepted 40,000 customers in Mashhad, who we hope will receive telephones within the next 3 or 4 years, as we have promised. Also, in Qom, a total of 17,000 people have registered, of whose names 3,000 will be chosen by lottery for telephones to be installed within the next 3 months."

Continuing his interview, Mohammad Gharazi said: "Our main problem is that we pay a large subsidy to install telephones from the point a receipt is issued. The installation cost for a telephone in a small town is about 700,000 rials. This amount reaches 120,000-130,000 rials in Tehran. How should this be paid? One of the reasons for the long delays in installing telephones is that the investments need to be subsidized. We hope in the future to collect 50-60 percent of the cost of the telephones and thus reduce the delays. For example, there are those who were issued receipts in 1350 [21 March 1971-20 March 1972] and who expect that with their payment of 150,000 rials, we will install telephones for them; but this is not possible. The communications company cannot install 400,000 telephones at the rate of 150,000 rials each to those with receipts."

At Least 600,000 Rials Must Be Paid for Telephone Installation

In another part of his interview, the minister of post, telegraph and telephone said: "The truth of the matter is that if people want to have a telephone at home, they must help us. Sums of 150,000, 200,000, or 300,000 rials will not do. Of course, we receive part of the cost from the government or the Central Bank, but with the remainder, the people themselves must help. Of course, if we were to acquire foreign currency at the government rate, naturally, things would be different, but in the course of last year, we could not even acquire one-third of our expenditures in foreign currency at the government rate."

Concerning the present rate of telephones, he said: "Up to now, telephones were installed at 150,000 rials, but this cannot continue. In order to give telephones to the persons who now hold receipts, we will collect an additional 100,000-150,000 rials from the people. But, as for new customers, at least half of the cost, that is 500,000-600,000 rials, will be collected."

Concerning the growth of communications technology in Iran and the level of allocation of the gross national product to communications, Engineer Gharazi said: "At the present, less than half a percent of the gross national product is allocated to communications. By way of contrast, this ratio reaches 5 percent in India, 17 percent in South Korea, and more than 7 percent in Japan."

He added: "The communications factories of the country were more than 80 percent dependent on foreign currency before the revolution. This dependency has now decreased to 20-25 percent. On the other hand, at the present, despite the production by domestic factories, we are unable to provide for all our needs domestically, and the expansion of the communications network is related to the very expansive global communications equipment."

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Duty-Free Shops Reportedly Accept Only Foreign Currency

46400108b London KEYHAN in Persian 28 Apr 88 p 4

[Text] The Islamic Republic will sell foreign and Iranian goods in duty-free shops at the airports of Shiraz, Bandar 'Abbas and Tehran in exchange for foreign currency.

Pricing in these duty-free shops will be based on the agreement deposited at the Central Bank, and payments made based on dollars at the government rate. The creation of duty-free shops at the airports of Shiraz, Bandar 'Abbas and Tehran and the requirement that payments be made in foreign currency at these shops has attracted the attention of economic experts and observers.

The report on the duty-free shops and the obligatory use of foreign currency in place of the rial was announced after the mandate that airline tickets be purchased with foreign currency was announced. Thus, the prediction of many economic experts that the rial will gradually be abandoned as the official currency of Iran and be replaced by the dollar has come true.

Tehran newspapers report on the creation of duty-free shops at the Shiraz and Bandar 'Abbas airports and point out that these shops at the Iranian airports have the lowest prices in the world. KEYHAN (Tehran), quoting the director of the duty-free shops, which are affiliated with the Shahed company, writes: "With the opening of the duty-free shop of the Shahed company in late January, according to plan, 31 items of foreign-made goods and various domestic goods and products, which conform to international standards, are offered to passengers intending to leave the country." According to reports from Tehran, the domestic products and foreign goods sold to passengers in these shops include electrical and electronic equipment, watches and calculators allowed by Iranian customs. The director of the duty-free shops emphasized that the duty-free shops at the Tehran, Bandar 'Abbas and Shiraz airports offer foreign goods at the lowest prices to passengers leaving Iran, and said: "The purchases from the Tehran 'free shop' made by exit passengers support this claim." The director of the duty-free shop of the Shahed company claimed that the motivation behind establishing such stores is primarily to create a small exhibition to offer hand-made goods and handicrafts made in the country, and also in this way to facilitate passengers in terms of customs duties and taxes (taxes on exit goods). Passengers can easily purchase needed goods and take them abroad. The director of the duty-free shops said: "The basis for pricing the goods is the government-rate dollar, and for every item a deposit in government-rate dollars is made in the Central Bank. Consequently, prices are exceptionally low compared to other duty-free shops." Newspapers published in Tehran point to this statement made by the director of the duty-free shops at the Shiraz, Bandar 'Abbas and Tehran airports: "Because of the positive reception of these shops by passengers, efforts will be made to increase the variety at the Tehran airport."

The director of the duty-free shops of the Shahed company continued: "All goods offered conform to international standards, and passengers will face no problems abroad in this regard."

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KUWAIT

Leader's Warnings on Alleged Conspiracies Spark Unity Plea

46560029a Karachi JANG in Urdu 9 Mar 88 p 3

[Editorial: "Advice Worth Considering"]

[Text] The head of Jamaat-e Islami, Qazi Hussain Ahmad, has said: "Our enemies have made Karachi the target of their terrorism in order to destroy Pakistan."

Giving a special interview to JANG, he said: "Karachi is not only the economic center of Pakistan but also its only seaport. If there is trouble in this city, the economy of the whole country will suffer." He said our enemies plan to create hostility not only about religion but also about Urdu, the lingua franca of the four provinces. Mr Ahmad urged patriot citizens and national leaders to understand the scheme of the enemies and fight against it unitedly.

With reference to the Karachi situation, Qazi Hussain Ahmad has in fact analyzed the dangers faced by the country. One can differ with him somewhat on the way he presents the argument, but it is not possible for any patriot Pakistani to deny these dangers altogether unless one wants to keep denying what is very obvious. It is evident that Karachi is the jugular vein of Pakistan's economy. Since it is the country's largest center of trade and industry, people from all over have migrated and settled here for employment reasons. Any mishap in this city at any time can therefore affect the country's economic and political situation. Although people in other areas of the country have not reacted unpleasantly to the decaying situation of Karachi in the past couple of years, the threat still exists that other regions of Pakistan can be affected any moment if the altercations between different groups are not resolved in a positive manner. Here, we should also take into consideration the fear pointed out by Qazi Hussain Ahmad that our enemies are now, criticizing, besides religion, our lingua franca and thereby conspiring against our national unity. The vice president of Jamiat-e Ulmaa-e Pakistan, Professor Shah Faridul Haq has also asked the youth of the nation in his recent statement to mount a united fight against prejudice, regionalism, communalism and factionalism. He warned that movements based upon prejudices and killing one's own people won't bring a victory to anyone. Such movements only encourage terrorist forces which, taking advantage of disunity, might deprive everyone of the right to live. During the National Assembly debate on Karachi, many members belonging to Karachi and inner Sind demanded that the federal government take action since the provincial government had failed to restore peace and stability. All this gives an indication of the seriousness of the situation.

Anyway, the most critical aspect of the whole story is that whether it is Karachi or any other major city, we must always be on the alert against the maneuvers of the enemies who, by means of various imported ideologies and ideas, are trying to make holes in the walls of our national unity. We have already been a victim of our enemies' conspiracy in 1971. As a result, our country broke into two parts. Now, in order to hurt the solidarity of the rest of the country, racial, linguistic, factional and provincial prejudices are again being promoted. This poison of hatred is being fed to the nation through appealing, attractive slogans. It should be remembered that whenever our enemies want to break our unity, they first of all attack our religion and then everything else that in one way or the other symbolizes our national unity. That's why in the last few years the movements

against Islam and Pakistan have shown a surprising increase and now, as Qazi Hussain Ahmad has pointed out in his interview, a conspiracy is a foot against the Urdu language, the symbol of our unity, so that this link of harmony between the four provinces should also be broken. No doubt this is the game plan our arch enemies have and it is obvious that an enemy would do nothing but engage in enmity. We cannot request and convince our foes to become our friends and well-wishers. It is imperative that we ward off ourselves their attacks. Therefore we believe that all patriotic Pakistanis and the national leaders should pay attention to what the Jamaat-e Islami Amir Qazi Hussain Ahmad and the vice president of Jamiat-e Ulma-e Pakistan Shah Faridul Haq have stated with such concern. We should listen to what is being said regardless of who is saying it. We are certain that the way our political leaders showed judgment and maturity by attending with an open mind the conference called by the prime minister on the Afghan problem, they will also show a sense of responsibility in fighting against the moves to create racial, linguistic, factional and regional prejudices in the country.

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Commentary Speculates on Fazle Haq's Future Role

46560029b Islamabad HURMAT in Urdu
16-22 Mar 88 pp 23-24

[Article by Azhar Masood]

[Text] The ex-governor of the Frontier Province, Lt. Gen. (retd.) Fazle Haq has been elected a member of the senate of the upper chamber of parliament. What impacts will this success of his have on the national and Frontier Province politics? It is important to examine the question due to the fact that his election has triggered an interesting and important debate in the national and political circles.

Lt. Gen. (retd.) Fazle Haq comes from the Yousufzai family of Mardan. In this province of Pakistan the Khan inhabitants of these green and lush valleys have, for centuries, been directly associated with the royal Afghan families. The Khattaks dwelling in Kohat and neighboring hilly areas have had many political and military rifts [with the Yousufzais] in the past and even now this element plays a decisive role in the politics of the province.

The Mughal Emperor Zaheeruddin Babar even married in the Yousufzai family in order to facilitate his victories in India. Due to this relationship, the Yousufzais were able to occupy the verdant valleys [surrounding Mardan] and thus the local Khans acquired a prominent position in the province's culture and civilization.

After the fall of the Mughal Empire, the Khattaks, due to the special geographical situation in the battles between Sikhs and the British, became more important in the

eyes of the new conquerors. Because of the prominence of the Khattaks, the affluent Khans of the Yousufzai and Mehmandzai tribes, lost their importance in the politics of the province.

The first movements of resistance against the British rule were initiated by the Yousufzai clan of the valley. Khan Abdul Ghaffar Khan, and his son Khan Abdul Wali Khan began an effective resistance against the British rule. That's how the Khans of Hasht Nagri, i.e the eight prominent clans, dwelling mainly in the Utmanzai, Charsida, Mardan, Lashkai, Swabi, Topi, Gadoon, Kha-zana, Daoodzai and other verdant valleys acquired their political standing.

After the establishment of Pakistan, the Muslim League governments allowed most of the families of this area to play their just role in the local issues.

It is important to note that among the political and military families of the eight clans, there has always been agreement on territorial matters even though they had political differences. That's probably why after the 1977 Martial Law when Lt. Gen. (retd.) Fazle Haq was appointed Martial Law Administrator for Zone B, he always treated Khan Abdul Wali Khan, Begum Nasim Wali Khan, Peoples Party's leader Aftab Sherpao and other political leaders with due respect. In contrast, the attitude shown by him toward Mr. Gen. (retd.) Naseerullah Khan Babar and the present senate chairman Ghulam Ishaq Khan of the Saifullah family of Bannu has been different.

Lt. Gen. (retd.) Fazle Haq, who has served with Gen. Ziaul-Haq in the army [for a long time] has always been fully faithful to the president. When Fazle Haq was appointed the governor of NWFP, President Ziaul Haq on one occasion made a remark: "I wish I had three Fazle Haqs, I would change Pakistan altogether". President Zia always calls Fazle Haq "Dear Fazli" with love.

In the end of 1981 when the military government felt a need for politicians and supporters, Lt. Gen. (retd.) Fazle Haq appointed former Peoples Party minister Mr. Jahangir, who is the brother of Sind's former Martial Law Administrator Lt. Gen. Arbab Jahanzeb, as the senior minister of the province. Mr. Fazle Haq considered Mr. Jahangir to be his right hand. Later Mr. Jahangir was appointed as the chief minister and he began his effective rule of the province. However, he could neither finish nor lessen the popularity of Lt. Gen. (retd.) Fazle Haq.

Now Lt. Gen. Fazle Haq has become a senator through the votes of 19 Muslim League and Jamaat-e Islami members. According to political observers, his success has somewhat upset not only the province chief minister but also, in Islamabad, Ghulam Ishaq Khan; Saleem Saifullah; Begum Kulsoom Saifullah; Gohar Ayub Khan, son of former president, late Field Marshal Ayub Khan;

Federal Minister Aslam Khattak, and their friends and supporters. It is also said that even the ruling Muslim League has gotten a little upset with the success of Fazle Haq.

It should be pointed out that Gen. Fazle Haq has very good relations with the U.S. and he had a very effective Afghan policy during his rule.

The commentators in the federal capital think that the old, friendship between Mr. Fazle Haq and President Ziaul Haq will certainly have a positive and pleasant

impact on national politics. There is more reason to expect this because, according to some sources, President Zia himself worked for Mr. Fazle Haq during his election campaign. And as is obvious from the results, the president's efforts were not wasted.

Will Senator Fazle Haq play an important role in the politics of the center or will he limit his future activities to the NWFP politics only? We will soon get an answer to these questions.

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JUNE 22, 1988